

BEFORE THE PUBLIC UTILITY COMMISSION

OF OREGON

UW 1381

THE PUBLIC UTILITY COMMISSION OF	)	
OREGON,	)	
	)	TESTIMONY OF JAMES H. ROOKS
Complainant,	)	
	)	
v.	)	
	)	
CROOKED RIVER RANCH WATER	)	
COMPANY; and JAMES R. ROOKS,	)	
Director, RANDOLPH M SCOTT, Director,	)	
BRIAN ELLIOT, President, RICHARD A.	)	
KEEN, Vice President, and RICHARD J.	)	
MILLER, Secretary/Treasurer, in their	)	
capacities as the CROOKED RIVER RANCH	)	
WATER COMPANY BOARD OF	)	
DIRECTORS.	)	
	)	
Defendants.	)	

My name is James H. Rooks. I am the General Manager and Operations Manager for Crooked River Ranch Water Company (CRRWC). I make this testimony regarding CRRWC's compliance with ordering in paragraph 5 of Commission Order 07-527 and the penalties recommended by Staff based on CRRWC's response to the ordering paragraphs of Order 07-527.

This testimony is submitted without waiver of any of CRRWC's appellate rights regarding

the order asserting jurisdiction in WJ8 any rate order produced as a result of UW120 or Order No. 08-409 in this proceeding. CRRWC continues to contest PUC jurisdiction to regulate CRRWC in any capacity. In the event that the Court of Appeals upholds the order asserting jurisdiction in WJ8 other issues will remain on appeal regarding the ability of the PUC to make order relating to the collection and disbursement of funds by CRRWC prior to the assertion of jurisdiction.

### **CRRWC'S COMPLIANCE WITH ORDERING PARAGRAPH 5**

CRRWC made multiple submissions regarding ordering paragraph 5. Each successive submission was based on the assertion by Staff that the prior submission was incomplete or non-responsive. Nonetheless, with each CRRWC submission, CRRWC reasonably believed that the current submission would be deemed compliant. CRRWC respectfully disagrees with the Commission's Order on Order 08-177, which states:

“Regarding ordering paragraph 5, Crooked River's alleged inability to understand what the Commission intended the Company to file would have been suitable content for a Motion for Clarification that could have been filed on a timely basis. The Company's failure to file either the accounting or a motion establishes its lack of good faith.”

CRRWC had every reason to believe that with each successive submission that particular submission would reach the level of compliance deemed necessary. Consequently, there was no lack of good faith. It was only after CRRWC Staff, General Manager, Board of Directors and Counsel for CRRWC had presented all information available in multiple formats that CRRWC made the request for clarification on or about May 13, 2008. Attached to this testimony is a partial history of CRRWC submissions regarding ordering paragraph No. 5 marked as CRRWC Exhibit # 1 to the testimony of James Rooks and hereinafter incorporated by reference. It should be noted that this

history does not include the original submission regarding ordering paragraph No. 5 or CRRWC responses to Data Requests seeking the same information, or the information provided pursuant to Jefferson County Case No. CV07-0150 which included the same information.

CRRWC cannot be faulted for non-compliance with ordering paragraph 5 of Commission Order 07-527 as the Commission changed the provisions of the ordering paragraph in Commission Order 08-243 on May 2, 2008. The prior order did not contain the language “consistent with the purposes of the surcharge as stated in the enabling Board Resolution.” CRRWC cannot reasonably be expected to furnish information that had not previously been requested as has been suggested by Staff. The original ordering paragraph 5 says simply “disposition of funds.” No reference is made to compliance with the Board resolution for the special assessment collection.

On page 5 of Staff’s testimony Michael Dougherty makes the accusation that \$130,000 in capital assessment funds have not been accounted for by CRRWC. This is a complete misrepresentation of the facts and accounting history of the Special Assessment Fund with CRRWC. CRRWC has accounted for all money received under the Special Assessment Fund. CRRWC has always separately identified the total amount of Special Assessment Funds received and segregated those funds for their intended purpose. In order to meet cash flow needs and maximize return on funds collected from the special assessment, CRRWC has distributed cash received through the Special Assessment Fund to operating expenses while identifying other funds held in investment accounts to replace cash collected through the Special Assessment Fund and used for operating expenses.

On page 5, lines 12 through 13, Staff makes the accusation that this practice is in violation of the Company Board Resolution dated March 29, 2004. Nothing in the Board Resolution prohibits

this conduct. CRRWC's management of cash flow and investment accounts represents sound financial management of CRRWC funds. Staff's accusation that there is a violation of the Company's Board Resolution in this regard is without merit.

Staff's second accusation that expenditures which predate the Board Resolution are not appropriate to include in account reconciliation for the Special Assessment Fund likewise lacks merit. In their testimony Staff has compiled a list of expenditures that they have characterized as being for "unintended purposes." The key words to this list can be found on page 7 of Staff Testimony, line 14, "**Staff Classified.**" This amounts to the subjective opinion of a single staff person with a demonstrated bias against the Board and Management of CRRWC. CRRWC questions Michael Dougherty's qualifications to say what is and is not within the scope of the Board Resolution. Michael Dougherty's testimony in this regard is nothing more than an unqualified opinion and should be treated as such by the Commission.

In fact, each and every expenditure which was deemed to be an "unintended purpose" by Staff is directly related or indirectly related to the purposes of the Board Resolution for Special Assessment Funds.

- A. Money expended in legal costs during the Commission assertion of jurisdiction in docket WJ 8 was necessary to preserve the Board of Directors' authority to control the ongoing collection of Special Assessment Funds and their disbursements consistent with the Board Resolution. Upon assertion of jurisdiction the Commission initiated a rate case in UW 120 and dictated that their rules prohibited further collection of funds through the Special Assessment and that projects set forth in the Board Resolution were unnecessary. Contesting PUC jurisdiction was necessary to

fulfill the intended purposes of the Resolution.

- B. The same holds true for the \$10,753 in accounting costs. If PUC Staff and the Commission had not taken a position contrary to the Board's purpose in passing the Special Assessment Resolution the associated accounting costs would not have been necessary.
- C. There was legal costs associated with CIAC in the rate case proceeding, however, Staff has not provided any basis for segregating \$2,984 in funds as not applicable to the purposes of the Board Resolution.
- D. The land in question was purchased for placement of Well 3, which was clearly within the purpose of the Board Resolution. As has been explained several times before, money for the purchase of the land was provided from the Operating Revenue Account which was reimbursed from funds collected through the Special Assessment.
- E. The crane was purchased in anticipation of construction of a third well, as the crane would be needed for construction of the well as well as modification of the standpipe and installation of a chlorination station, both of which are enumerated purposes set forth in the Board Resolution for Special Assessment Fund. The same is true of Staff's allegation on page 10 regarding backhoe and dump truck repairs. Both items of equipment would be necessary to the major construction projects enumerated in Board Resolution for Special Assessments.

On page 9, Staff repeats their accusation that CRRWC violated the Board Resolution by moving money between the Capital Assessment Fund and Operating Account. Staff repeats this

accusation several times throughout their testimony. The mere repetition of this accusation does not make it true. As previously stated by CRRWC nowhere in the Board Resolution is there any prohibition against borrowing funds from the Special Assessment so long as those funds are replaced and fully accounted for.

Staff misrepresents the history of submissions by CRRWC with regards to ordering paragraph 5. In its accusation that “CRRWC delineates its claim that the Company complied with ordering paragraph 5 through the information submitted on January 8, 2008.” At no time has CRRWC made any admission that prior submissions have been noncompliant. CRRWC’s requests for clarification do not amount to an admission of non-compliance.

With every submission provided CRRWC has attempted to provide the information requested. Staff has acknowledged through the footnotes to their testimony that in many cases the account reconciliation performed by Staff resulted in mistakes, not from any lack of information provided by CRRWC but through Staff miscalculations and mis-classifications. CRRWC has never relied upon Staff’s work in compiling information into a format that Staff would like to see it in so as to be deemed in compliance with the term “accounting.” It is important to note that the Special Assessment Fund was collected and funds were disbursed prior to the assertion of PUC jurisdiction. Staff is effectively criticizing CRRWC management for not being compliant with PUC rules for a period of time when CRRWC was not under PUC jurisdiction and PUC regulations were not in place. CRRWC cannot be faulted for its accounting and money management format not being identical to Staff’s subjective opinion of proper format and accounting.

The fact is that there is no money unaccounted for as alleged by Staff in their testimony. There was a three year investigation by the Department of Justice into the accounting and

management of funds at CRRWC which produced no evidence that money had been unaccounted for. Staff's accusation is entirely founded on the movement of money between the operating account and the special assessment fund which does not amount to money unaccounted for.

Staff alleges seven deficiencies with regards to CRRWC's submittals on ordering paragraph 5. Each alleged accusation is without merit and will be addressed in turn.

1. "In each of its accounting submittals, the Company includes different entries of expenses." Staff is attempting to allege a deficiency through different entries of expenses by attaching a portion of Wayne Truckee's report at the conclusion of his three year investigation. The section of report attached includes speculation by customers of CRRWC who are openly hostile to CRRWC management. These accusations by customers which are attached as part of Staff Exhibit 102, have no basis in fact, a conclusion which was demonstrated in the findings of Wayne Truckee and his ultimate conclusion. Staff's assertion on line 3 and 4 of page 15 effectively disagrees with the results of Wayne Truckee's three year investigation. Staff's alleged deficiency in this regard should be dismissed without consideration. Staff's alleged deficiency is disconcerting on multiple levels. First the basis for Staff's allegation of "variations in the Company's accounting of the fund" comes from a source which Staff has not demonstrated to be reliable and for which Staff has made no independent investigation. Secondly, investigation was made by Wayne Truckee and the allegations of variations in the Company's accounting of the fund, by disgruntled customers, were demonstrated to be false. Staff's allegation is both irresponsible and false.

2. “Capital expenditures not included in the enabling resolution.” The logical shortcomings of this alleged deficiency are obvious. CRRWC cannot complete the purposes set forth in the resolution without the equipment necessary to perform those construction projects. As for the pipe used in mainline extensions, the pipe purchased for the projects set out in the Board Resolution was replaced with pipe paid for by customers requesting mainline extensions and consequently there was no violation of the Board Resolution.
3. “Capital expenditures that occurred two to three years prior to the establishment of the Assessment Fund.” As previously explained the Assessment Fund was collected and deposited into the Operating Account prior to the time when there a separate account for Operating Revenue and Special Assessment Funds collected. The amounts in the same account for Operating Expenses and Special Assessment Funds were nonetheless segregated. This information has previously been provided to Staff and Staff’s testimony regarding checks deposited amounts to a misrepresentation of the facts in order to allege that funds are unaccounted for. Staff’s quoting of a portion of the Resolution out of context and the subsequent simplistic analysis likewise represents a misrepresentation in order to allege unaccounted for funds. Paying for debts as they are incurred is consistent with CRRWC’s purchase of the land and crane.
4. “Expenditures that are not Capital Expenditures but are more correcting classified as Operating and Maintenance Expenditures.” Accounting fees have previously been addressed within this testimony. The suggestion that the Assessment Booklet costs



were not directly related to the Special Assessment is completely illogical. The fact that the expenditure occurred several days before the final Resolution is meaningless. The Resolution itself was of substantial importance to CRRWC operations and had been the subject of a dialog amongst the Board Members for six months prior to the passing of the Resolution itself. The expenditure for the Assessment Booklet was made with the understanding that the Board vote for the Special Assessment Resolution would result in that Resolution being passed.

The remaining deficiency allegations by Staff regarding the 1999 CD and segregation of Operating Expense Funds and Special Assessment Funds has previously been addressed. Staff merely repeats the same allegations previously made without providing additional information presumably in the hopes of bolstering their claims through mere repetition.

#### **AMOUNT OF PENALTIES & DISPOSITION**

Staff has not alleged any additional factual information in their testimony regarding the penalty amounts to be assessed or the disposition. The legal authority for these proposed penalties will be addressed in the briefs file by counsel for CRRWC.

Submitted this 30<sup>th</sup> day of September, 2008

/s/ James H. Rooks

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BEFORE THE PUBLIC UTILITY COMMISSION  
OF OREGON  
UW 120

In the Matter of )  
CROOKED RIVER RANCH WATER )  
COMPANY ) CRRWC'S RESPONSE TO STAFF'S  
MOTION REGARDING VIOLATIONS  
OF ORDER NO. 07-527  
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CRRWC hereby responds to Staff's Motion alleging violations of Commission Order No.:  
07-527. CRRWC hereby requests a hearing on Staff's Motion.

**INTRODUCTION**

Staff has alleged the violation by CRRWC of three different sections of the Commission  
Order dated November 29, 2007. CRRWC will address compliance with each part of the  
Commission's Order in turn.

**DISCUSSION**

**Section 4:**

Staff has alleged that CRRWC has failed to submit any contracts between itself and its  
general manager, Mr. Rooks and members of the Rooks' family along with supporting testimony  
to the commission for approval. CRRWC responded in full to Section 4 and explained that no  
employment contracts written or otherwise exist between any family member of James Rooks and  
CRRWC. The only contracts which existed were a written contract for employment between James

1 Rooks and CRRWC and an oral agreement between CRRWC and Mr. Rooks for maintenance and  
2 repair of company equipment.

3 Staff has alleged failure to provide information on the agreement for maintenance and repair  
4 of company equipment between James Rooks and CRRWC while acknowledging that there is no  
5 written contract to be provided. CRRWC previously provided information on the agreement  
6 between James Rooks and CRRWC setting forth the compensation which James Rooks was entitled  
7 to receive for his maintenance and repair work as well as James Rooks' obligations to CRRWC  
8 under the agreement. No additional information from CRRWC is available in any form. CRRWC  
9 is unable to ascertain the nature of any further information they are required to produce.

10 Staff next alleges that CRRWC has failed to provide the contract between itself and James  
11 Rooks for his position as general manager. This document was not provided by CRRWC for the  
12 simple reason that the employment contract was rendered null and void by Commission Order 07-  
13 527. Order No. 07-527 set forth compensation for James Rooks which was not consistent with  
14 James Rooks' employment agreement. The Board of Directors was not able to honor the terms of  
15 James Rooks' employment agreement as there was not enough money allowed in rates to pay Mr.  
16 Rooks on those terms.

17 PUC Staff has isolated two words taken out of context from Section 4 of the Commission  
18 Order in order to allege noncompliance. The words "any contracts" cannot be viewed in isolation  
19 as suggested by PUC Staff and must be read in context of that section of the Order. Applying the  
20 rule that words of common usage typically should be given their plain, natural and ordinary  
21 meaning, Portland General Electric Company vs. Bureau of Labor and Industries 317 Or 606, 859  
22 P2d, 1143 (1993)., CRRWC understood the term "any contracts" to mean those contracts which  
23 CRRWC sought the Commission's approval of. As there were no contracts for the Commission to  
24 approve, no contracts were submitted. CRRWC's interpretation of Section 4 is entirely consistent

1 with the plain meaning of that portion of the Order.

2 Staff's contention that "CRRWC utterly fails to offer any testimony, such as Board  
3 resolutions, that demonstrate that these contracts have been legally terminated by CRRWC" is  
4 incorrect in light of the Declaration of James Rooks tendered to the Public Utility Commission. In  
5 that Declaration James Rooks plainly states that both his contracts with CRRWC were terminated.  
6 This is not an "opinion" as suggested by PUC Staff. It is in fact a practical reality. No Board  
7 resolution was necessary to terminate the contracts which could not be complied with pursuant to  
8 Commission Order 07-527. A Board resolution terminating those contracts would have been an  
9 unnecessary waste of precious time and resources particularly in light of the high volume of  
10 regulations that Water Company operations are now subject to and the Water Company Staff and  
11 Board of Directors' obligations under those regulations.

12 **Section 5:**

13 In order to claim noncompliance with Order 07-527, Staff has once again isolated several  
14 words from Section 5 of that Order. Staff has alleged that CRRWC has failed to "file an  
15 accounting." However, the term "accounting" has not been defined and CRRWC has no guidance  
16 regarding what it is required to produce. *Webster's Dictionary* defines accounting as "the system  
17 of recording and summarizing business and financial transactions and analyzing, verifying and  
18 reporting the results." CRRWC provided spreadsheets which showed all special assessment funds  
19 collected, all disbursements made from the Special Assessment Fund and how those funds were  
20 spent. In addition to the spreadsheet synthesizing this data CRRWC accounted for all checks  
21 associated with the account. Michael Dougherty's Staff Report conclusively demonstrates that the  
22 information requested was provided as it contains several pages of analysis of that information. The  
23 information provided by CRRWC was entirely consistent with Section 5 of Order No. 07-527 as  
24 well as the well established definition of "accounting."

25

26 3-CRRWC'S RESPONSE TO STAFF'S MOTION REGARDING VIOLATIONS

1 In their motion Staff alleged that “the Commission required very specific accountings and  
2 reports, which CRRWC has not provided.” CRRWC will not argue whether or not Section 5 was  
3 “very specific” as that is a general term and there are various degrees of specificity except to say that  
4 CRRWC complied with Section 5 as required under any reasonable interpretation.

5 **Section 6:**

6 Section 6 requires four different information components. In order to avoid a Staff  
7 accusation that CRRWC is non-responsive CRRWC will address all four informational components  
8 of Section 6, even though the first informational component is dispositive of the rest. These  
9 informational components include: a) new capital improvements; b) intended projects; c) estimated  
10 cost of each project; and d) time each investment would be required.

11 In the Declaration of James Rooks it is clearly explained that there are no new capital  
12 improvements are planned. The intended projects were not approved at the last rate hearing and  
13 consequently no additional work for those projects has been performed including cost and time  
14 estimates. When CRRWC prepares its next request for a rate increase, the Company will attempt  
15 to prioritize any capital improvements needed and provide PUC Staff with the facts establishing that  
16 priority including projected cost and timeframe.

17 The Board of Directors for CRRWC has fully complied with Order No. 07-527. Neither the  
18 Board of Directors nor the General Manager have willfully violated any portion of paragraphs 4, 5  
19 and 6 as alleged. As there is no violation there should be no penalty against any Board Member or  
20 the General Manager.

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RESPECTFULLY submitted this \_\_\_\_ day of March 2008.

GLENN, SITES, REEDER & GASSNER, LLP

TIMOTHY R. GASSNER OSB 02309

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CERTIFICATE OF SERVICE

I certify that on March \_\_\_\_\_ 2008, I served the foregoing upon the following, by mailing a copy by postage prepaid first class to:

Charles G. Nichols PO Box 1594 Redmond, OR 97756	Crooked River Ranch Water Co. Brian Elliott, President Board of Directors PMB 313-1604 S. Hwy 97 #2 Redmond, OR 97756
Public Utility Commission of Oregon Michael Dougherty 550 Capitol St. NE Ste. 215 Salem, OR 97301	James R.Rooks, General Manager Crooked River Ranch Water Company PO Box 2319 Terrebonne, OR 97760
Steven Cook PO Box 1111 Terrebonne, OR 97760	Department of Justice Jason Jones Regulated Utility & Business Section 1162 Court St. NE Salem, OR 97301-4096
Craig Soule 11953 SW Horny Hollow Terrebonne, OR 97760	Public Utility Commission of Oregon Michael Dougherty 550 Capitol St. NE , Ste.215 Salem, OR 97301

TIMOTHY R. GASSNER OSB 02309  
GLENN, SITES, REEDER & GASSNER, LLP  
205 SE 5<sup>th</sup> St.  
Madras, OR 97741  
(541) 475-2272  
Fax: 541-475-3394



**BEFORE THE PUBLIC UTILITY COMMISSION  
OF OREGON**

**UW 120**

In the Matter of )  
 )  
CROOKED RIVER RANCH WATER ) **RESPONSE TO ORDER NO. 08-177**  
COMPANY ) **REGARDING BALANCE OF FUNDS**  
 ) **REMAINING FROM SPECIAL**  
 ) **ASSESSMENT SURCHARGE**  
Request for rate increase in the total annual )  
revenues from \$806,833 to \$868,453, or 8.13 )  
percent )

Crooked River Ranch Water Company (“CRRWC”) responds to item 3 of PUC’s Order No. 08-177 as follows:

The amount of funds remaining from CRRWC’s special assessment surcharge fund is \$233,889.00.

CRRWC provides this information without prejudice to, and specifically reserves, its right to challenge PUC’s order regarding the disposition of the above identified funds. CRRWC is filing a motion for reconsideration of the portion of PUC’s order relating to the disposition of funds and motion for hearing on that portion of the order, in part on the grounds that CRRWC was not given notice that such an order was under consideration by PUC; CRRWC was not given an opportunity to provide PUC with information regarding the effect of PUC’s ordered disposition of the funds; and

the ordered disposition of the funds would operate to the detriment of CRRWC customers.

Dated: March 26, 2008

GLENN, SITES, REEDER & GASSNER, LLP

/s/ Timothy R. Gassner

TIMOTHY R. GASSNER OSB 02309

**CERTIFICATE OF SERVICE**

I certify that on March 26, 2008, I served the foregoing upon all parties of record in this proceeding by delivering a copy by mail, postage prepaid first class mail to the following parties:

Steven Cook  
PO Box 1111  
Terrebonne, OR 97760

Charles G. Nichols  
PO Box 1594  
Redmond, OR 97756

Craig Soule  
11953 SW Horny Hollow  
Terrebonne, OR 97760

Dept. Justice  
Jason W. Jones, AAG  
Regulated Utility & Business Section  
1162 Court St. NE  
Salem, OR 97301-4096

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 Co.  
James R. Rooks  
General Manager  
PO Box 2319  
Terrebonne, OR 97760

Public Utility Commission of Oregon  
Michael Dougherty  
550 Capitol St. NE - Ste. 215  
Salem, OR 97301

GLENN, SITES, REEDER & GASSNER, LLP

/s/ Timothy R. Gassner  
TIMOTHY R. GASSNER OSB 02309  
Attorney for CRRWC

**BEFORE THE PUBLIC UTILITY COMMISSION  
OF OREGON**

**UW 120**

In the Matter of )  
 ) **RESPONSE TO ORDER NO. 08-177**  
CROOKED RIVER RANCH WATER )  
COMPANY )  
 )  
Request for rate increase in the total annual )  
revenues from \$806,833 to \$868,453, or 8.13 )  
percent )

Crooked River Ranch Water Company (“CRRWC”) hereby furnishes the information in response to the information requests contained in Commission Order 08-177.

The only relationship which exists between members of the Rooks family and the CRRWC subsequent to November 29, 2007, is the employment relationship between James Rooks as General Manager and Operations Manager of CRRWC and Jaquie Rooks as Office Manager. There is no employment contract between Jaquie Rooks and CRRWC for her position as Office Manager or any other position. Jaquie Rooks is paid on an hourly basis for which she receives \$18.00 per hour. Jaquie Rooks also receives medical and dental coverage through her employment. Jaquie Rooks’ position as Office Manager requires her to do bookkeeping, including accounts receivable, accounts payable and office payroll. Jaquie Rooks is also responsible for oversight of company personnel as well as other human resource issues and training personnel as needed. Lastly, Jaquie Rooks is responsible for general clerical, customer reception, customer relations, filing duties and

maintenance of office equipment.

James Rooks' position as General Manager and Operations Manager is covered in part by the attached Resolution of CRRWC's Board of Directors dated March 31, 2008. In addition to the information provided in that Resolution, the General Manager has the responsibility for oversight of all administrative functions as well as maintenance of the physical plant. The General Manager is additionally responsible for compliance with local, state and federal water service regulations.

This filing includes records of all payments made by the Company to James Rooks and Jacquie Rooks, representing hourly wage payments to Jacquie Rooks and the salary of James Rooks. No other employment relationships exist between CRRWC and Rooks or any other family member.

Additionally, enclosed, please find a full and complete accounting of all funds collected from the Special Assessment Surcharge and the disposition of such funds from the inception of the fund to the present. Please note that the balance of funds disclosed in CRRWC's Response to Order 08-177, regarding balance of funds remaining from Special Assessment Surcharge dated March 26, 2008, and the balance of funds reflected in the attached accounting are not the same. Using PUC Staff's classification of funds spent for the "Intended Purposes of the Special Assessment the balance would be \$233,889. The actual balance of the account as reflected on the attached accounting is \$130,656.26. The \$103,232.74 difference represents funds spent by CRRWC on land for the previously planned Well No.3, purchase of the crane to be used in the Well and other capital assessment projects, attorney fees to secure easement rights for Well No. 3 and other bills of CRRWC which Staff has classified as "Expenditures - Unintended Purposes."

All money collected and distributed from the Special Assessment fund is shown in the attached accounting. CRRWC's position is that all money spent from the proceeds of the Special



**CERTIFICATE OF SERVICE**

I certify that on April 8, 2008, I served the foregoing upon all parties of record in this proceeding by delivering a copy by mail, postage prepaid first class mail to the following parties:

Steven Cook  
PO Box 1111  
Terrebonne, OR 97760

Charles G. Nichols  
PO Box 1594  
Redmond, OR 97756

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Salem, OR 97301-4096

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 Co.  
James R. Rooks  
General Manager  
PO Box 2319  
Terrebonne, OR 97760

Public Utility Commission of Oregon  
Michael Dougherty  
550 Capitol St. NE - Ste. 215  
Salem, OR 97301

GLENN, SITES, REEDER & GASSNER, LLP

/s/ Timothy R. Gassner  
TIMOTHY R. GASSNER OSB 02309  
Attorney for CRRWC

DATE	CREDITS	DEBITS	NOTES	VENDOR
1999		\$ (3,560.08)	BUILDING	WESTERN/WA MU
2000		\$ (10,680.24)	BUILDING	WESTERN/WA MU
03/29/01		\$ (15,000.00)	DOWN PMT FOR WELL LAND	1ST AMERICAN TITLE
04/09/01		\$ (15,476.95)	FINAL PMT FOR WELL LAND	1ST AMERICAN TITLE
2001		\$ (10,680.24)	BUILDING	WASHINGTON MUTUAL
05/17/02		\$ (13,500.00)	CRANE PURCHASE	DAVE DICKSON
06/05/03		\$ (532.38)	PAINT CRANE	DENFELD PAINTS
06/05/03		\$ (400.00)	PAINT CRANE	WAYNE SUTTON
07/03/03		\$ (427.50)	PAINT CRANE	WAYNE SUTTON
2003		\$ (10,680.24)	BUILDING	WASHINGTON MUTUAL
02/13/04		\$ (1,209.60)	PIPE FOR PROJECTS	FERGUSON
04/23/04		\$ (2,813.23)	PIPE FOR PROJECTS	FERGUSON
05/07/04		\$ (4,254.92)	PIPE FOR PROJECTS	UNITED
06/17/04		\$ (1,057.78)	PIPE FOR PROJECTS	FERGUSON
03/26/04		\$ (4,858.00)	ASSESSMENT BOOKLETS	LAZERQUICK
04/08/04		\$ (2,099.52)	ASSESSMENT BOOKLETS	US POSTMASTER
04/09/04		\$ (604.45)	ASSESSMENT BOOKLETS	LAZERQUICK
<b>2004</b>	<b>MONTH</b>	<b>AMOUNT</b>		
	<b>JULY</b>	<b>\$ 10,817.26</b>		
	07/08/04	\$ (172.81)	EASEMENT RIGHTS	ALLEN SHERIDAN & McCLANAHAN
	<b>AUG.</b>	<b>\$ 10,817.69</b>		
	<b>SEPT.</b>	<b>\$ 10,709.90</b>		
	09/09/04	\$ (2,060.84)	PIPE FOR PROJECTS	H. D. FOWLER
	<b>OCT.</b>	<b>\$ 11,004.22</b>		
	10/08/04	\$ (2,914.01)	PIPE FOR PROJECTS	FERGUSON
	10/08/04	\$ (1,489.30)	PIPE FOR PROJECTS	H. D. FOWLER
	10/08/04	\$ (2,197.16)	PIPE FOR PROJECTS	UNITED
	<b>NOV.</b>	<b>\$ 10,555.35</b>		
	11/05/04	\$ (1,881.00)	EASEMENT RIGHTS	ALLEN SHERIDAN & McCLANAHAN
	<b>DEC.</b>	<b>\$ 11,002.00</b>		
	12/08/04	\$ (1,653.00)	EASEMENT RIGHTS	ALLEN SHERIDAN & McCLANAHAN
	2004	\$ (17,460.28)	BUILDING	WASHINGTON MUTUAL
<b>TOTAL</b>		<b>\$ 64,906.42</b>	<b>\$ 64,906.42</b>	
<b>2005</b>	<b>MONTH</b>	<b>AMOUNT</b>		
	<b>JAN.</b>	<b>\$ 11,566.74</b>		
	<b>FEB.</b>	<b>\$ 9,376.66</b>		
	02/11/05	\$ (1,678.79)	PIPE FOR PROJECTS	FERGUSON
	<b>MAR.</b>	<b>\$ 10,898.57</b>		
	<b>APRIL</b>	<b>\$ 11,188.11</b>		
	04/01/05	\$ (1,674.50)	PIPE FOR PROJECTS	UNITED
	<b>MAY</b>	<b>\$ 10,996.05</b>		
	05/05/05	\$ (3,781.19)	PIPE FOR PROJECTS	H. D. FOWLER
	05/19/05	\$ (4,012.94)	PIPE FOR PROJECTS	FERGUSON
	<b>JUNE</b>	<b>\$ 11,145.53</b>		
	06/16/05	\$ (1,953.93)	PIPE FOR PROJECTS	H. D. FOWLER
	06/20/05	\$ (142.50)	PAINT CRANE	WAYNE SUTTON
	<b>JULY</b>	<b>\$ 14,389.77</b>		
	07/14/05	\$ (13,227.50)	ENGINEERING FEES	HARRIS GROUP
	07/14/05	\$ (1,850.00)	PIPE FOR PROJECTS	FERGUSON
	<b>AUG.</b>	<b>\$ 11,319.36</b>		
	08/11/05	\$ (2,341.64)	PIPE FOR PROJECTS	FERGUSON
	08/19/05	\$ (6,645.17)	ENGINEERING FEES	HARRIS GROUP
	08/23/05	\$ (30.00)	EASEMENT RIGHTS	GLENN SITES & REEDER
	08/25/05	\$ (1,937.50)	ASSESSMENT BOOKLETS	LAZERQUICK



	DATE	CREDITS	DEBITS	NOTES	VENDOR
	<b>SEPT.</b>	<b>\$ 10,171.15</b>			
	09/08/05		\$ (3,125.15)	ENGINEERING FEES	HARRIS GROUP
	09/08/05		\$ (6,645.17)	ENGINEERING FEES	HARRIS GROUP
	09/08/05		\$ (1,356.22)	PIPE FOR PROJECTS	H. D. FOWLER
	09/24/05		\$ (23,400.00)	HAMMER	CASCADE MACHINERY
	<b>OCT.</b>	<b>\$ 11,009.54</b>			
	10/06/05		\$ (1,758.60)	PIPE FOR PROJECTS	H. D. FOWLER
	10/07/05		\$ (1,645.20)	PIPE FOR PROJECTS	FERGUSON
	<b>NOV.</b>	<b>\$ 11,762.36</b>			
	11/16/05		\$ (4,351.60)	PIPE FOR PROJECTS	FERGUSON
	11/30/05		\$ (7,382.50)	EASEMENT RIGHTS	COONEY & CREW
	<b>DEC.</b>	<b>\$ 11,412.57</b>			
	12/28/05		\$ (1,790.00)	ASSESSMENT BOOKLETS	LAZERQUICK
	12/31/05		\$ (3,585.00)	EASEMENT RIGHTS	COONEY & CREW
	2005		\$ (23,570.26)	BUILDING	WASHINGTON MUTUAL
<b>TOTAL</b>		<b>\$ 135,236.41</b>	<b>\$ 135,236.41</b>		
<b>2006</b>	<b>MONTH</b>	<b>AMOUNT</b>			
	<b>JAN.</b>	<b>\$ 10,387.14</b>			
	01/26/06		\$ (60.00)	EASEMENT RIGHTS	GLENN SITES & REEDER
	01/27/06		\$ (50.00)	EASEMENT RIGHTS	GLENN SITES & REEDER
	01/30/06		\$ (120.00)	EASEMENT RIGHTS	GLENN SITES & REEDER
	<b>FEB.</b>	<b>\$ 10,235.11</b>			
	02/02/06		\$ (30.00)	EASEMENT RIGHTS	GLENN SITES & REEDER
	02/02/06		\$ (60.00)	EASEMENT RIGHTS	GLENN SITES & REEDER
	02/03/06		\$ (110.00)	EASEMENT RIGHTS	GLENN SITES & REEDER
	02/09/06		\$ (60.00)	EASEMENT RIGHTS	GLENN SITES & REEDER
	02/14/06		\$ (50.00)	EASEMENT RIGHTS	GLENN SITES & REEDER
	02/26/06		\$ (30.00)	EASEMENT RIGHTS	GLENN SITES & REEDER
	02/28/06		\$ (332.50)	EASEMENT RIGHTS	COONEY & CREW
	02/28/06		\$ (30.00)	EASEMENT RIGHTS	GLENN SITES & REEDER
	<b>MAR.</b>	<b>\$ 10,533.70</b>			
	03/31/06		\$ (13,637.01)	EASEMENT RIGHTS	COONEY & CREW
	<b>APRIL</b>	<b>\$ 11,421.30</b>			
	04/03/06		\$ (40.00)	EASEMENT RIGHTS	GLENN SITES & REEDER
	04/06/06		\$ (437.46)	PIPE FOR PROJECTS	H. D. FOWLER
	04/18/06		\$ (120.00)	EASEMENT RIGHTS	GLENN SITES & REEDER
	04/24/06		\$ (60.00)	EASEMENT RIGHTS	GLENN SITES & REEDER
	04/27/06		\$ (25.00)	EASEMENT RIGHTS	GLENN SITES & REEDER
	04/30/06		\$ (515.00)	EASEMENT RIGHTS	COONEY & CREW
	<b>MAY</b>	<b>\$ 11,630.67</b>			
	05/01/06		\$ (20.00)	EASEMENT RIGHTS	GLENN SITES & REEDER
	05/09/06		\$ (60.00)	EASEMENT RIGHTS	GLENN SITES & REEDER
	05/12/06		\$ (300.00)	EASEMENT RIGHTS	GLENN SITES & REEDER
	05/25/06		\$ (989.00)	ACCOUNTING FEES	HARRIGAN
	<b>JUNE</b>	<b>\$ 11,881.12</b>			
	06/02/06		\$ (20.00)	EASEMENT RIGHTS	GLENN SITES & REEDER
	06/05/06		\$ (40.00)	EASEMENT RIGHTS	GLENN SITES & REEDER
	06/29/06		\$ (10.00)	EASEMENT RIGHTS	GLENN SITES & REEDER
	<b>JULY</b>	<b>\$ 11,934.75</b>			
	7/11/2006		\$ (100.00)	EASEMENT RIGHTS	GLENN SITES & REEDER
	7/14/2006		\$ (60.00)	EASEMENT RIGHTS	GLENN SITES & REEDER
	7/27/2006		\$ (20.00)	EASEMENT RIGHTS	GLENN SITES & REEDER

DATE	CREDITS	DEBITS	NOTES	VENDOR
<b>AUG.</b>	<b>\$ 11,462.91</b>			
08/09/07		\$ (60.00)	EASEMENT RIGHTS	GLENN SITES & REEDER
08/15/06		\$ (100.00)	EASEMENT RIGHTS	GLENN SITES & REEDER
08/16/06		\$ (300.00)	EASEMENT RIGHTS	GLENN SITES & REEDER
08/21/06		\$ (40.00)	EASEMENT RIGHTS	GLENN SITES & REEDER
08/22/06		\$ (50.00)	EASEMENT RIGHTS	GLENN SITES & REEDER
08/23/06		\$ (200.00)	EASEMENT RIGHTS	GLENN SITES & REEDER
08/25/06		\$ (538.00)	ACCOUNTING FEES	HARRIGAN
08/30/06		\$ (120.00)	EASEMENT RIGHTS	GLENN SITES & REEDER
08/31/06		\$ (50.00)	EASEMENT RIGHTS	GLENN SITES & REEDER
<b>SEPT.</b>	<b>\$ 11,947.31</b>			
09/05/06		\$ (50.00)	EASEMENT RIGHTS	GLENN SITES & REEDER
09/05/06		\$ (160.00)	EASEMENT RIGHTS	GLENN SITES & REEDER
09/13/06		\$ (40.00)	EASEMENT RIGHTS	GLENN SITES & REEDER
09/14/06		\$ (150.00)	EASEMENT RIGHTS	GLENN SITES & REEDER
09/20/06		\$ (100.00)	EASEMENT RIGHTS	GLENN SITES & REEDER
<b>OCT.</b>	<b>\$ 11,958.52</b>			
10/05/06		\$ (50.00)	EASEMENT RIGHTS	GLENN SITES & REEDER
10/06/06		\$ (200.00)	EASEMENT RIGHTS	GLENN SITES & REEDER
10/16/06		\$ (30.00)	EASEMENT RIGHTS	GLENN SITES & REEDER
10/17/06		\$ (60.00)	EASEMENT RIGHTS	GLENN SITES & REEDER
10/18/06		\$ (120.00)	EASEMENT RIGHTS	GLENN SITES & REEDER
10/19/06		\$ (20.00)	EASEMENT RIGHTS	GLENN SITES & REEDER
10/24/06		\$ (20.00)	EASEMENT RIGHTS	GLENN SITES & REEDER
10/26/06		\$ (10.00)	EASEMENT RIGHTS	GLENN SITES & REEDER
10/25/06		\$ (435.00)	ACCOUNTING FEES	HARRIGAN
<b>NOV.</b>	<b>\$ 11,362.77</b>			
11/06/06		\$ (20.00)	EASEMENT RIGHTS	GLENN SITES & REEDER
11/07/06		\$ (40.00)	EASEMENT RIGHTS	GLENN SITES & REEDER
11/08/06		\$ (20.00)	EASEMENT RIGHTS	GLENN SITES & REEDER
11/08/06		\$ (70.00)	EASEMENT RIGHTS	GLENN SITES & REEDER
11/10/06		\$ (20.00)	EASEMENT RIGHTS	GLENN SITES & REEDER
11/14/06		\$ (150.00)	EASEMENT RIGHTS	GLENN SITES & REEDER
11/20/06		\$ (90.00)	EASEMENT RIGHTS	GLENN SITES & REEDER
11/20/06		\$ (30.00)	EASEMENT RIGHTS	GLENN SITES & REEDER
11/30/06		\$ (100.00)	EASEMENT RIGHTS	GLENN SITES & REEDER
<b>DEC.</b>	<b>\$ 11,985.94</b>			
12/05/06		\$ (50.00)	EASEMENT RIGHTS	GLENN SITES & REEDER
12/06/06		\$ (15.00)	EASEMENT RIGHTS	GLENN SITES & REEDER
12/06/06		\$ (40.00)	EASEMENT RIGHTS	GLENN SITES & REEDER
12/06/06		\$ (60.00)	EASEMENT RIGHTS	GLENN SITES & REEDER
12/07/06		\$ (120.00)	EASEMENT RIGHTS	GLENN SITES & REEDER
12/08/06		\$ (50.00)	EASEMENT RIGHTS	GLENN SITES & REEDER
12/11/06		\$ (70.00)	EASEMENT RIGHTS	GLENN SITES & REEDER
12/11/06		\$ (50.00)	EASEMENT RIGHTS	GLENN SITES & REEDER
12/17/06		\$ (80.00)	EASEMENT RIGHTS	GLENN SITES & REEDER
12/20/06		\$ (20.00)	EASEMENT RIGHTS	GLENN SITES & REEDER
12/21/06		\$ (30.00)	EASEMENT RIGHTS	GLENN SITES & REEDER
12/25/06		\$ (559.00)	ACCOUNTING FEES	HARRIGAN
12/29/06		\$ (300.00)	EASEMENT RIGHTS	GLENN SITES & REEDER
2006		\$ (19,834.72)	BUILDING	WASHINGTON MUTUAL
<b>TOTAL</b>	<b>\$ 136,741.24</b>	<b>\$ 136,741.24</b>		

	DATE	CREDITS	DEBITS	NOTES	VENDOR	
2007	<b>MONTH</b>	<b>AMOUNT</b>				
	<b>JAN.</b>	<b>\$ 11,560.12</b>				
	01/05/07		\$ (100.00)	EASEMENT RIGHTS	GLENN SITES & REEDER	
	01/09/07		\$ (40.00)	EASEMENT RIGHTS	GLENN SITES & REEDER	
	01/12/07		\$ (100.00)	EASEMENT RIGHTS	GLENN SITES & REEDER	
	01/16/07		\$ (30.00)	EASEMENT RIGHTS	GLENN SITES & REEDER	
	01/17/07		\$ (120.00)	EASEMENT RIGHTS	GLENN SITES & REEDER	
	01/22/07		\$ (30.00)	EASEMENT RIGHTS	GLENN SITES & REEDER	
	01/26/07		\$ (1.98)	EASEMENT RIGHTS	GLENN SITES & REEDER	
	01/29/07		\$ (400.00)	EASEMENT RIGHTS	GLENN SITES & REEDER	
	01/30/07		\$ (50.00)	EASEMENT RIGHTS	GLENN SITES & REEDER	
	01/31/07		\$ (50.00)	EASEMENT RIGHTS	GLENN SITES & REEDER	
	<b>FEB.</b>	<b>\$ 10,829.10</b>				
	02/02/07		\$ (120.00)	EASEMENT RIGHTS	GLENN SITES & REEDER	
	02/05/07		\$ (70.00)	EASEMENT RIGHTS	GLENN SITES & REEDER	
	02/09/07		\$ (90.00)	EASEMENT RIGHTS	GLENN SITES & REEDER	
	02/07/07		\$ (50.00)	EASEMENT RIGHTS	GLENN SITES & REEDER	
	02/08/07		\$ (40.00)	EASEMENT RIGHTS	GLENN SITES & REEDER	
	02/09/07		\$ (100.00)	EASEMENT RIGHTS	GLENN SITES & REEDER	
	02/13/07		\$ (60.00)	EASEMENT RIGHTS	GLENN SITES & REEDER	
	02/14/07		\$ (40.00)	EASEMENT RIGHTS	GLENN SITES & REEDER	
	02/25/07		\$ (470.00)	ACCOUNTING FEES	HARRIGAN	
	02/26/07		\$ (20.00)	EASEMENT RIGHTS	GLENN SITES & REEDER	
	02/26/07		\$ (40.00)	EASEMENT RIGHTS	GLENN SITES & REEDER	
	02/27/07		\$ (30.00)	EASEMENT RIGHTS	GLENN SITES & REEDER	
	02/27/07		\$ (30.00)	EASEMENT RIGHTS	GLENN SITES & REEDER	
	<b>MAR.</b>	<b>\$ 11,785.34</b>				
	03/01/07		\$ (60.00)	EASEMENT RIGHTS	GLENN SITES & REEDER	
	03/06/07		\$ (160.00)	EASEMENT RIGHTS	GLENN SITES & REEDER	
	03/07/07		\$ (50.00)	EASEMENT RIGHTS	GLENN SITES & REEDER	
	03/08/07		\$ (40.00)	EASEMENT RIGHTS	GLENN SITES & REEDER	
	03/11/07		\$ (30.00)	EASEMENT RIGHTS	GLENN SITES & REEDER	
	03/13/07		\$ (300.00)	EASEMENT RIGHTS	GLENN SITES & REEDER	
	03/25/07		\$ (1,081.00)	ACCOUNTING FEES	HARRIGAN	
	<b>APRIL</b>	<b>\$ 12,100.61</b>				
	04/04/07		\$ (200.00)	EASEMENT RIGHTS	GLENN SITES & REEDER	
	04/09/07		\$ (100.00)	EASEMENT RIGHTS	GLENN SITES & REEDER	
	04/10/07		\$ (60.00)	EASEMENT RIGHTS	GLENN SITES & REEDER	
	04/10/07		\$ (450.00)	EASEMENT RIGHTS	GLENN SITES & REEDER	
	04/20/07		\$ (10.00)	EASEMENT RIGHTS	GLENN SITES & REEDER	
	<b>MAY</b>	<b>\$ 11,982.58</b>				
	05/03/07		\$ (50.00)	EASEMENT RIGHTS	GLENN SITES & REEDER	
	05/04/07		\$ (60.00)	EASEMENT RIGHTS	GLENN SITES & REEDER	
	05/10/07		\$ (40.00)	EASEMENT RIGHTS	GLENN SITES & REEDER	
	05/21/07		\$ (160.00)	EASEMENT RIGHTS	GLENN SITES & REEDER	
	05/25/07		\$ (2,021.00)	ACCOUNTING FEES	HARRIGAN	
	05/28/07		\$ (200.00)	EASEMENT RIGHTS	GLENN SITES & REEDER	

DATE	CREDITS	DEBITS	NOTES	VENDOR
<b>JUNE</b>	<b>\$ 12,050.22</b>			
06/07/07		\$ (70.00)	EASEMENT RIGHTS	GLENN SITES & REEDER
06/07/07		\$ (50.00)	EASEMENT RIGHTS	GLENN SITES & REEDER
06/13/07		\$ (100.00)	EASEMENT RIGHTS	GLENN SITES & REEDER
06/14/07		\$ (100.00)	EASEMENT RIGHTS	GLENN SITES & REEDER
06/19/07		\$ (100.00)	EASEMENT RIGHTS	GLENN SITES & REEDER
06/21/07		\$ (60.00)	EASEMENT RIGHTS	GLENN SITES & REEDER
06/25/07		\$ (1,500.00)	ACCOUNTING FEES	HARRIGAN
06/26/07		\$ (50.00)	EASEMENT RIGHTS	GLENN SITES & REEDER
06/29/07		\$ (20.00)	EASEMENT RIGHTS	GLENN SITES & REEDER
<b>JULY</b>	<b>\$ 12,057.65</b>			
07/12/07		\$ (30.00)	EASEMENT RIGHTS	GLENN SITES & REEDER
07/12/07		\$ (20.00)	EASEMENT RIGHTS	GLENN SITES & REEDER
07/16/07		\$ (50.00)	EASEMENT RIGHTS	GLENN SITES & REEDER
07/18/07		\$ (40.00)	EASEMENT RIGHTS	GLENN SITES & REEDER
07/25/07		\$ (60.00)	ACCOUNTING FEES	HARRIGAN
<b>AUG.</b>	<b>\$ 11,781.97</b>			
08/20/07		\$ (40.00)	EASEMENT RIGHTS	GLENN SITES & REEDER
<b>SEPT.</b>	<b>\$ 11,340.07</b>			
09/07/07		\$ (28.00)	EASEMENT RIGHTS	GLENN SITES & REEDER
09/07/07		\$ (200.00)	EASEMENT RIGHTS	GLENN SITES & REEDER
09/21/07		\$ (150.00)	EASEMENT RIGHTS	GLENN SITES & REEDER
09/27/07		\$ (50.00)	EASEMENT RIGHTS	GLENN SITES & REEDER
<b>OCT.</b>	<b>\$ 12,616.67</b>			
10/04/07		\$ (20.00)	EASEMENT RIGHTS	GLENN SITES & REEDER
10/05/07		\$ (28.00)	EASEMENT RIGHTS	GLENN SITES & REEDER
10/05/07		\$ (100.00)	EASEMENT RIGHTS	GLENN SITES & REEDER
10/08/07		\$ (20.00)	EASEMENT RIGHTS	GLENN SITES & REEDER
10/08/07		\$ (400.00)	EASEMENT RIGHTS	GLENN SITES & REEDER
10/16/07		\$ (50.00)	EASEMENT RIGHTS	GLENN SITES & REEDER
10/17/07		\$ (100.00)	EASEMENT RIGHTS	GLENN SITES & REEDER
<b>NOV.</b>	<b>\$ 11,644.00</b>			
<b>DEC.</b>	<b>\$ 11,307.73</b>			
2007		\$ (17,790.22)	BUILDING	WASHINGTON MUTUAL
<b>TOTAL</b>	<b>\$ 141,056.06</b>	<b>\$ 141,056.06</b>		
01/07/08		\$ (30.00)	EASEMENT RIGHTS	GLENN SITES & REEDER
01/08/08		\$ (60.00)	EASEMENT RIGHTS	GLENN SITES & REEDER
01/17/08		\$ (60.00)	EASEMENT RIGHTS	GLENN SITES & REEDER
01/23/08		\$ (50.00)	EASEMENT RIGHTS	GLENN SITES & REEDER
01/30/08		\$ (200.00)	EASEMENT RIGHTS	GLENN SITES & REEDER
02/04/08		\$ (100.00)	EASEMENT RIGHTS	GLENN SITES & REEDER
02/07/08		\$ (200.00)	EASEMENT RIGHTS	GLENN SITES & REEDER
02/11/08		\$ (200.00)	EASEMENT RIGHTS	GLENN SITES & REEDER
02/15/08		\$ (40.00)	EASEMENT RIGHTS	GLENN SITES & REEDER
02/15/08		\$ (60.00)	EASEMENT RIGHTS	GLENN SITES & REEDER
2008		\$ (30,247.09)	BUILDING	WASHINGTON MUTUAL

**\$ 477,940.13**    \$ (347,283.87) DEBITS  
 \$ 477,940.13 ASSESSMENT COLLECTED  
 \$ 130,656.26  
 \$ (118,368.00) IN COMMUNITY FIRST ASSESSMENT  
 \$ 12,288.26 IN COLUMBIA RIVER ACCOUNT

EXHIBIT CRRWC4  
PAGE Rooks 1

BEFORE THE PUBLIC UTILITY COMMISSION  
OF OREGON

UW 120

**In the Matter of**

**CROOKED RIVER RANCH WATER  
COMPANY,**

Request for rate increase in total annual  
revenues from \$806,833 to \$868,453 or  
8.13 percent.

**RESPONSE AND MOTION FOR  
RECONSIDERATION /  
CLARIFICATION**

**I. MOTION**

Crooked River Ranch Water Company ("CRRWC") moves for reconsideration and/or clarification of the PUC's ruling dated May 16, 2008, denying CRRWC's motion for an extension of time in which to comply with two provisions of Order No. 08-243:

(1) submission of contracts for James and Jacquie Rooks for approval under ORS 757.495; and (2) submission of a different accounting of the special assessment surcharge funds.

For the reasons set forth below, CRRWC respectfully requests additional time in which to respond to Order No. 08-243 and clarification of the that Order.

**II. DISCUSSION**

PUC issued Order No. 08-243 on May 2, 2008. Included in that order was a direction that CRRWC submit contracts for James and Jacquie Rooks for approval under ORS 757.495 and submit a different accounting of the special assessment surcharge

funds. PUC ordered that those submissions be made by today's date: May 19, 2008.

CRRWC is working diligently to comply with PUC's order, but is unable to provide a complete response today for the following reasons:

(1) CRRWC's primary counsel, Tim Gassner, is out of the office until May 21, 2008. In Mr. Gassner's absence, the undersigned have been attempting to assist CRRWC in its efforts to comply with PUC's order. The undersigned counsel were retained to handle the appeal of PUC's jurisdiction order, but have little prior history with the issues raised in Order 08-243. Therefore, both CRRWC and its counsel are hampered in their attempt to meet the short deadline imposed by PUC.

(2) As to the submission of a different accounting of the special assessment surcharge funds, it was not apparent to CRRWC or its counsel how its submission of April 8, 2008, was insufficient. Accordingly, CRRWC has sought clarification from PUC. *See* Exhibit A (May 14, 2008, letter from Jona Maukonen to Paul Graham, counsel for PUC and Jason Jones, counsel for PUC staff). Counsel for CRRWC spoke with counsel for PUC and for PUC staff today, and now have a better understanding of what format of accounting might be satisfactory to PUC. Additional explanation would be helpful. In any event, CRRWC simply is unable to submit a new accounting today and needs more time to reconstruct the accounting and provide the additional explanations requested by PUC.

(3) As to the submission of applications for approval of CRRWC's employment arrangements with James and Jacqui Rooks pursuant to ORS 757.495, counsel for CRRWC is submitting applications on this date. CRRWC recognizes,

however, that it might need to supplement those applications with additional information due to the haste with which they were prepared in order to meet PUC's deadline.

### III. CONCLUSION

CRRWC is doing everything it can to respond to PUC's demands in a timely and complete manner. CRRWC respectfully requests that PUC reconsider its denial of CRRWC's motion for an extension of time of 15 days from the current due date of May 19, 2008, to submit a different accounting of the special assessment fund, so that CRRWC will have the time necessary to work with its counsel and with PUC to produce an accounting that satisfies PUC's request.

Dated: May 19, 2008.

**GLENN SITES REEDER & GASSNER LLP**  
Timothy R. Gassner, OSB #023090

**HARRANG LONG GARY RUDNICK P.C.**



---

C. Robert Steringer OSB #98351  
Jona J. Maukonen OSB #04354  
(503) 242-0000  
Of Attorneys for Petitioner, Crooked River  
Ranch Water Company

EXHIBIT CRRWC 4  
PAGE ROOKS 4

JONA J. MAUKONEN  
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**HARRANG LONG GARY RUDNICK P.C.**  
**ATTORNEYS & COUNSELORS AT LAW**

PORTLAND OFFICE

May 14, 2008

VIA EMAIL

Jason W. Jones  
Department of Justice General Counsel  
Regulated Utilities and Business  
1162 Court St., NE  
Salem, OR 97301

Paul A. Graham  
Department of Justice General Counsel  
Regulated Utilities & Business  
1162 Court St., NE  
Salem, OR 97301

Re: Crooked River Ranch Water Company

Dear Jason and Paul:

Thank you for speaking with me today regarding Crooked River Ranch Water Company's (CRRWC) response to PUC Order No. 08-243. As I explained, we are assisting CRRWC with its response. CRRWC has requested an extension of time so that we can provide guidance on its response and because its primary counsel, Tim Gassner, will be out of state for a week on a pre-planned vacation. I would appreciate any assistance you can provide with respect to the extension.

In responding to Order No. 08-243, it would be helpful to know specifically what information PUC is seeking to supplement CRRWC's prior responses regarding the special assessment fund accounting. In particular, on April 8, 2008, CRRWC submitted its response to PUC Order No. 08-177. That response included:

- An explanation of the difference in the current balance of the special assessment fund reflected in that response as compared to earlier responses,
- A brief statement about the Board Resolution, and
- A five page spreadsheet detailing the specific debits and credits pertaining to the special assessment.

1001 SW FIFTH AVENUE, 16<sup>th</sup> FLOOR  
PORTLAND, OR 97204-1116  
PH 503.242.0000  
F 503.241.1456

380 EAST 10<sup>TH</sup> AVENUE, SUITE 300  
EUGENE, OR 97401-3273  
PO BOX 11620  
EUGENE, OR 97440-3820  
PH 541.485.0220  
F 541.686.6564

333 HIGH STREET NE, SUITE 200  
SALEM, OR 97301-3632  
PO BOX 12949  
SALEM, OR 97309-0949  
PH 503.371.3330  
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EXHIBIT \_\_\_\_\_ A \_\_\_\_\_  
PAGE 1 OF 2



EXHIBIT CRRWC 4  
PAGE ROOKS 5

Jason W. Jones  
Paul A. Graham  
May 14, 2008  
Page 2

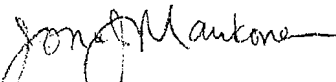
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I would appreciate clarification and guidance on what additional information PUC needs beyond that response so that I can advise my client accordingly.

In addition, you agreed to send examples of what other regulated entities have submitted with respect to the contract approval process for affiliated interests. That guidance will be appreciated.

Thank you for your attention to this matter.

Sincerely,

  
Jona J. Maukonen

JMM:vrs

cc: Tim Gassner  
Client  
P0143660.DOC;1

EXHIBIT A  
PAGE 2 OF 2

EXHIBIT CRWC 4  
PAGE Rooks 6

**CERTIFICATE OF FILING AND SERVICE**

I certify that on May 19, 2008, I filed the original of the foregoing RESPONSE AND MOTION FOR RECONSIDERATION / CLARIFICATION via first class mail and e-mail addressed to the following:

Michael Dougherty, Case Manager  
Public Utility Commission  
550 Capitol Street N.E., Suite 215  
Salem, OR 97301  
Michael.dougherty@state.or.us

Jason W. Jones  
Assistant Attorney General  
Department of Justice  
1162 Court Street N.E.  
Salem, OR 97301

Steven Cook  
P.O. Box 1111  
Terrebonne, OR 97760

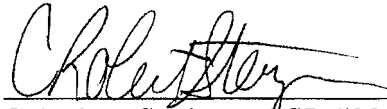
Charles G. Nichols  
P.O. Box 1594  
Redmond, OR 97756

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 Co.  
James R. Rooks  
General Manager  
P.O. Box 2319  
Terrebonne, OR 97760

Craig Soule  
11953 SW Horny Hollow  
Terrebonne, OR 97760

**HARRANG LONG GARY RUDNICK P.C.**



---

C. Robert Steringer OSB #98351  
Jona J. Maukonen OSB #04354  
Of Attorneys for Petitioner, Crooked River  
Ranch Water Company

BEFORE THE PUBLIC UTILITY COMMISSION  
OF OREGON  
UW 120

In the Matter of

CROOKED RIVER RANCH WATER  
COMPANY,

**SUPPLEMENTAL RESPONSE  
TO ORDER NO. 08-243**

Crooked River Ranch Water Company (“CRRWC”) hereby furnishes the information as a supplemental response to Commission Order No. 08-243.

**INTRODUCTION:**

In Order No. 08-243, the Commission ordered: “The Company shall file an accounting of the special assessment surcharge funds consistent with the purposes of the surcharge as stated in the enabling Board resolution.” CRRWC has previously filed a breakdown of the special assessment costs and in this submission, supplements its prior response by allocating the specific items to provisions in the resolution and further explaining how the expenses are consistent with the resolution.

CRRWC objects to providing this information on the ground that the special assessment funds are outside the jurisdiction of the PUC. CRRWC also states that providing the information regarding payments to attorneys does not constitute a waiver of any attorney client privilege.

CRRWC also notes that at the time of most of the expenditures, CRRWC was not under PUC's jurisdiction and thus not subject to PUC's accounting requirements. Thus, the information at times may be less specific than what the Commission desires. CRRWC has endeavored to provide as complete an explanation as possible.

**SPECIAL ASSESSMENT ACCOUNTING:**

The resolution for the Special Assessment fund provided that the funds were being collected for the following purposes:

- Drilling of Well #3 (Crater Loop and Tower Road) and plumbing to accommodate a chlorination system.
- Upgrading of the Cistern and building a new pump house.
- Replumbing and adding a chlorination station to Well #1 (formerly #4) located at Cinder Drive and Lower Ridge.
- Pay off loan on office building.

Most of the expenditures are consistent with more than one of the specific provisions of the resolution. CRRWC has separated the expenditures by provision or sets of provisions where appropriate.

**1. Expenditures related to the fourth resolution item - paying off the loan on the office building.**

DATE	DEBITS	NOTES	VENDOR
1999	\$ (3,560.08)	BUILDING	WESTERN/WA MU
2000	\$ (10,680.24)	BUILDING	WESTERN/WA MU
2001	\$ (10,680.24)	BUILDING	WASHINGTON MUTUAL
2003	\$ (10,680.24)	BUILDING	WASHINGTON MUTUAL
2004	\$ (17,460.28)	BUILDING	WASHINGTON MUTUAL
2005	\$ (23,570.26)	BUILDING	WASHINGTON MUTUAL
2006	\$ (19,834.72)	BUILDING	WASHINGTON MUTUAL
2007	\$ (17,790.22)	BUILDING	WASHINGTON MUTUAL
2008	\$ (30,247.09)	BUILDING	WASHINGTON MUTUAL

**Building Loan:**

The cost of paying off the building was expressly provided for in the resolution. Although some of the expenditures occurred prior to the collection of special assessment funds, the payments were allocated against the special assessment funds. Nothing in the Board resolution limits CRRWC's ability to allocate special assessment funds in such a way as to reimburse the general fund for those payments.

**2. Expenditures for first resolution item – Well #3.**

DATE	DEBITS	NOTES	VENDOR
<b>Land Expense:</b>			
03/29/01	\$ (15,000.00)	DOWN PMT FOR WELL LAND	1ST AMERICAN TITLE
04/09/01	\$ (15,476.95)	FINAL PMT FOR WELL LAND	1ST AMERICAN TITLE
<b>Engineering Costs:</b>			
07/14/05	\$ (13,227.50)	ENGINEERING FEES	HARRIS GROUP
08/19/05	\$ (6,645.17)	ENGINEERING FEES	HARRIS GROUP
09/08/05	\$ (3,125.15)	ENGINEERING FEES	HARRIS GROUP
09/08/05	\$ (6,645.17)	ENGINEERING FEES	HARRIS GROUP

**A. Land for Well #3**

The purchase of land for Well #3 was made in 2001 and the cost included in the special assessment. The land was essential to the drilling of Well #3.

**B. Engineering Costs**

The engineering costs pertained to the construction of a new well house building and a chlorination building adjacent to the 700,000 gallon standpipe.

**3. Expenditures for the first two resolution items – Well #3, Cistern and Pump House.**

DATE	DEBITS	NOTES	VENDOR
<b>Crane:</b>			
05/17/02	\$ (13,500.00)	CRANE PURCHASE	DAVE DICKSON
06/05/03	\$ (532.38)	PAINT CRANE	DENFELD PAINTS
06/05/03	\$ (400.00)	PAINT CRANE	WAYNE SUTTON
07/03/03	\$ (427.50)	PAINT CRANE	WAYNE SUTTON
06/20/05	\$ (142.50)	PAINT CRANE	WAYNE SUTTON
<b>Hydraulic Hammer:</b>			
09/24/05	\$ (23,400.00)	HAMMER	CASCADE MACHINERY
<b>Pipe:</b>			
02/13/04	\$ (1,209.60)	PIPE FOR PROJECTS	FERGUSON
04/23/04	\$ (2,813.23)	PIPE FOR PROJECTS	FERGUSON
05/07/04	\$ (4,254.92)	PIPE FOR PROJECTS	UNITED
06/17/04	\$ (1,057.78)	PIPE FOR PROJECTS	FERGUSON
09/09/04	\$ (2,060.84)	PIPE FOR PROJECTS	H. D. FOWLER
10/08/04	\$ (2,914.01)	PIPE FOR PROJECTS	FERGUSON
10/08/04	\$ (1,489.30)	PIPE FOR PROJECTS	H. D. FOWLER
10/08/04	\$ (2,197.16)	PIPE FOR PROJECTS	UNITED
02/11/05	\$ (1,678.79)	PIPE FOR PROJECTS	FERGUSON
04/01/05	\$ (1,674.50)	PIPE FOR PROJECTS	UNITED
05/05/05	\$ (3,781.19)	PIPE FOR PROJECTS	H. D. FOWLER
05/19/05	\$ (4,012.94)	PIPE FOR PROJECTS	FERGUSON
06/16/05	\$ (1,953.93)	PIPE FOR PROJECTS	H. D. FOWLER
07/14/05	\$ (1,850.00)	PIPE FOR PROJECTS	FERGUSON
08/11/05	\$ (2,341.64)	PIPE FOR PROJECTS	FERGUSON

09/08/05	\$ (1,356.22)	PIPE FOR PROJECTS	H. D. FOWLER
10/06/05	\$ (1,758.60)	PIPE FOR PROJECTS	H. D. FOWLER
10/07/05	\$ (1,645.20)	PIPE FOR PROJECTS	FERGUSON
11/16/05	\$ (4,351.60)	PIPE FOR PROJECTS	FERGUSON
04/06/06	\$ (437.46)	PIPE FOR PROJECTS	H. D. FOWLER

**A. Crane – Used for Well # 3 and Upgrading the Cistern**

The purchase of the crane in 2002 was made at an opportune moment and for a reasonable price that will save the co-op tens of thousands of dollars on projects. The crane was specifically acquired for upcoming major projects and improvements to the Well and system as follows:

- For Well #3, placing screen, pump and steel water piping 600’ in the ground at a weight of approximately 35,000 pounds.
- Reconfiguration of the 70’ tower to upgrade the tank in order to install a chlorination system. The crane will also be used to replace rubber bearings extending 500’ down the pump shaft of each well.
- To extract 200 horsepower vertical motors from Well heads on a periodic basis for preventative maintenance of bearings and seals, and reinstallation.
- Laying steel pipe from the new cistern down 200’, 20 degree incline to the lower level of the ranch.

**B. Hydraulic Hammer – Used for Well # 3 and Upgrading the Cistern**

The primary reason for purchasing the hammer was to install an 8" main from the new Well #3 to the 700,000 gallon standpipe, through solid rock for approximately 1 mile. The hammer will also be used to install a 2 ½ mile high pressure 8" main line from Well #2 to the new 400,000 cistern, to replace many miles of existing 160 psi, 30 year old, 6" PVC pipe with class 2, 8" PVC pipe, and to replace existing outdated, glued in fire hydrants.

### **C. Pipe**

The majority of the pipe purchased is class C200 PVC, to be used for upgrading the Cistern and specifically installing a high pressure bypass between Well #2 and the Cistern to eliminate excessive pressures being exerted on the 30 year old, glued together, existing pipeline. Static pressure on the old system is 110 psi. At start up of Well #2, it increases this pressure to 250 psi. Other Portions of the bulk purchase of pipe were intended for used in connecting Well No. 3 to the existing Standpipe.

The manager of CRRWC, understanding the projects were essential to the co-op over the next 10 - 12 years, and understanding the impact of petroleum products on the price of PVC pipe, purchased the pipe when he was able to do so at an advantageous price. Taking advantage of such opportunities to purchase pipe at an extreme savings to the CRRWC has saved the co-op a significant amount of money. Although CRRWC does not have sufficient pipe in stock to complete all projects, this method of buying has resulted in considerable savings to the people who pay the bills to maintain our system.



Because the pipe is being used for projects described in the resolution, CRRWC used assessment monies to either reimburse the general fund or purchase pipe outright.

**4. Expenditures related to the first three resolution items – Well #3, Cistern, Pump House, and Well #1**

DATE	DEBITS	NOTES	VENDOR
<b>Easement Rights:</b>			
07/08/04	\$ (172.81)	EASEMENT RIGHTS	ALLEN SHERIDAN & McCLANAHAN
11/05/04	\$ (1,881.00)	EASEMENT RIGHTS	ALLEN SHERIDAN & McCLANAHAN
12/08/04	\$ (1,653.00)	EASEMENT RIGHTS	ALLEN SHERIDAN & McCLANAHAN
08/23/05	\$ (30.00)	EASEMENT RIGHTS	GLENN SITES & REEDER
11/30/05	\$ (7,382.50)	EASEMENT RIGHTS	COONEY & CREW
12/31/05	\$ (3,585.00)	EASEMENT RIGHTS	COONEY & CREW
01/26/06	\$ (60.00)	EASEMENT RIGHTS	GLENN SITES & REEDER
01/27/06	\$ (50.00)	EASEMENT RIGHTS	GLENN SITES & REEDER
01/30/06	\$ (120.00)	EASEMENT RIGHTS	GLENN SITES & REEDER
02/02/06	\$ (30.00)	EASEMENT RIGHTS	GLENN SITES & REEDER
02/02/06	\$ (60.00)	EASEMENT RIGHTS	GLENN SITES & REEDER
02/03/06	\$ (110.00)	EASEMENT RIGHTS	GLENN SITES & REEDER
02/09/06	\$ (60.00)	EASEMENT RIGHTS	GLENN SITES & REEDER
02/14/06	\$ (50.00)	EASEMENT RIGHTS	GLENN SITES & REEDER
02/26/06	\$ (30.00)	EASEMENT RIGHTS	GLENN SITES & REEDER
02/28/06	\$ (332.50)	EASEMENT RIGHTS	COONEY & CREW
02/28/06	\$ (30.00)	EASEMENT RIGHTS	GLENN SITES & REEDER
03/31/06	\$ (13,637.01)	EASEMENT RIGHTS	COONEY & CREW
04/03/06	\$ (40.00)	EASEMENT RIGHTS	GLENN SITES & REEDER
04/18/06	\$ (120.00)	EASEMENT RIGHTS	GLENN SITES & REEDER
04/24/06	\$ (60.00)	EASEMENT RIGHTS	GLENN SITES & REEDER
04/27/06	\$ (25.00)	EASEMENT RIGHTS	GLENN SITES & REEDER
04/30/06	\$ (515.00)	EASEMENT RIGHTS	COONEY & CREW
05/01/06	\$ (20.00)	EASEMENT RIGHTS	GLENN SITES & REEDER
05/09/06	\$ (60.00)	EASEMENT RIGHTS	GLENN SITES & REEDER
05/12/06	\$ (300.00)	EASEMENT RIGHTS	GLENN SITES & REEDER
06/02/06	\$ (20.00)	EASEMENT RIGHTS	GLENN SITES & REEDER
06/05/06	\$ (40.00)	EASEMENT RIGHTS	GLENN SITES & REEDER
06/29/06	\$ (10.00)	EASEMENT RIGHTS	GLENN SITES & REEDER
07/11/06	\$ (100.00)	EASEMENT RIGHTS	GLENN SITES & REEDER
07/14/06	\$ (60.00)	EASEMENT RIGHTS	GLENN SITES & REEDER
07/27/06	\$ (20.00)	EASEMENT RIGHTS	GLENN SITES & REEDER

08/15/06	\$ (100.00)	EASEMENT RIGHTS	GLENN SITES & REEDER
08/16/06	\$ (300.00)	EASEMENT RIGHTS	GLENN SITES & REEDER
08/21/06	\$ (40.00)	EASEMENT RIGHTS	GLENN SITES & REEDER
08/22/06	\$ (50.00)	EASEMENT RIGHTS	GLENN SITES & REEDER
08/23/06	\$ (200.00)	EASEMENT RIGHTS	GLENN SITES & REEDER
08/30/06	\$ (120.00)	EASEMENT RIGHTS	GLENN SITES & REEDER
08/31/06	\$ (50.00)	EASEMENT RIGHTS	GLENN SITES & REEDER
09/05/06	\$ (50.00)	EASEMENT RIGHTS	GLENN SITES & REEDER
09/05/06	\$ (160.00)	EASEMENT RIGHTS	GLENN SITES & REEDER
09/13/06	\$ (40.00)	EASEMENT RIGHTS	GLENN SITES & REEDER
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10/06/06	\$ (200.00)	EASEMENT RIGHTS	GLENN SITES & REEDER
10/16/06	\$ (30.00)	EASEMENT RIGHTS	GLENN SITES & REEDER
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01/09/07	\$ (40.00)	EASEMENT RIGHTS	GLENN SITES & REEDER
01/12/07	\$ (100.00)	EASEMENT RIGHTS	GLENN SITES & REEDER
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02/11/08	\$ (200.00)	EASEMENT RIGHTS	GLENN SITES & REEDER
02/15/08	\$ (40.00)	EASEMENT RIGHTS	GLENN SITES & REEDER
02/15/08	\$ (60.00)	EASEMENT RIGHTS	GLENN SITES & REEDER

**Easement Rights:**

The projects set out in the Board Resolution for the Special Assessment Fund require use of and access to property not owned by CRRWC. The Easement right of ways must be obtained for placing pipe in the ground across Crooked River Ranch Club and Maintenance Association Property.

CRRWC retained the services of legal counsel in order to secure rights to use property not owned by CRRWC. CRRWC was originally represented by Allen, Sheridan

& McLanahan. When William Sheridan was no longer available to provide legal services CRRWC was referred to the law office of Cooney & Crew. After a short period of representation by Cooney & Crew, the law office of Glenn Sites and Reeder LLP was hired to handle the acquisition and maintenance of legal rights to property not owned by CRRWC.

**5. Expenditures related to all four resolution items and the special assessment in general.**

DATE	DEBITS	NOTES	VENDOR
<b>Assessment Booklets:</b>			
03/26/04	\$ (4,858.00)	ASSESSMENT BOOKLETS	LAZERQUICK
04/08/04	\$ (2,099.52)	ASSESSMENT BOOKLETS	US POSTMASTER
04/09/04	\$ (604.45)	ASSESSMENT BOOKLETS	LAZERQUICK
08/25/05	\$ (1,937.50)	ASSESSMENT BOOKLETS	LAZERQUICK
12/28/05	\$ (1,790.00)	ASSESSMENT BOOKLETS	LAZERQUICK
<b>Accounting Fees:</b>			
05/25/06	\$ (989.00)	ACCOUNTING FEES	HARRIGAN
08/25/06	\$ (538.00)	ACCOUNTING FEES	HARRIGAN
10/25/06	\$ (435.00)	ACCOUNTING FEES	HARRIGAN
12/25/06	\$ (559.00)	ACCOUNTING FEES	HARRIGAN
02/25/07	\$ (470.00)	ACCOUNTING FEES	HARRIGAN
03/25/07	\$ (1,081.00)	ACCOUNTING FEES	HARRIGAN
05/25/07	\$ (2,021.00)	ACCOUNTING FEES	HARRIGAN
06/25/07	\$ (1,500.00)	ACCOUNTING FEES	HARRIGAN
07/25/07	\$ (60.00)	ACCOUNTING FEES	HARRIGAN

**A. Assessment Booklets**

The assessment booklet was created and provided to every member on the system at the time the assessment was put into effect and has been given to every new member since that time. The booklet was used to explain the upgrades needed in order to maintain the quality of life of CRRWC's members. The cost is directly related to the need for the assessment and thus was paid from assessment monies.

**B. Accounting Fees**

Certified public accountant's were hired to handle the accounting of special assessment funds. The cost is directly related to the need for the assessment and thus was paid from assessment monies.

Dated: June 3, 2008.

**GLENN SITES REEDER & GASSNER LLP**

/s/ Timothy R. Gassner  
Timothy R. Gassner, OSB #023090

CERTIFICATE OF FILING AND SERVICE

I certify that on June 3, 2008, I filed the original of the foregoing SUPPLEMENTAL RESPONSE TO ORDER NO. 08-243 via first class mail and e-mail addressed to the following:

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Michael.dougherty@state.or.us

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Assistant Attorney General  
Department of Justice  
1162 Court Street N.E.  
Salem, OR 97301

Steven Cook  
P.O. Box 1111  
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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 Co.  
James R. Rooks  
General Manager  
P.O. Box 2319  
Terrebonne, OR 97760

Craig Soule  
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Terrebonne, OR 97760

**GLENN SITES REEDER & GASSNER LLP**

/s/ Timothy R. Gassner  
Timothy R. Gassner, OSB #023090

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BEFORE THE PUBLIC UTILITY COMMISSION  
OF OREGON  
UW 120

In the Matter of )  
CROOKED RIVER RANCH WATER )  
COMPANY ) CRRWC'S RESPONSE STAFF  
 ) MOTION REGARDING CROOKED  
 ) RIVER RANCH WATER COMPANY'S  
 ) OPERATING ACCOUNT  
 )  
 )  
 )

**INTRODUCTION**

The decrease in CRRWC's operating capital is entirely attributable to the rates imposed by the Public Utility Commission which were not adequate to cover the operating expenses of CRRWC.

**DISCUSSION**

Staff attributes the decrease in funds in the operating account to unusually high legal, repair and labor expenses. CRRWC will address each one of these categories of expenses in turn.

**Legal Fees:** In CRWWC's original rate application it requested \$40,000 per year for legal fees. The Public Utility Commission allowed \$6,000 in legal expenses. The current amount of legal expenses is consistent with the Company's projection and it is Staff's recommendation and the Commission's decision based on that recommendation which was inaccurate. Furthermore, it is the height of hypocrisy for Staff to complain about unusually high legal expenses when the rate case has been held open by Staff's requests and Staff through their never ending process of Data Requests has effectively been attempting to micro manage every aspect of Company operations whether or not there is any reasonable relationship to rates.



1           **Repairs:** The repairs to Company equipment constitute the normal annual repairs to that  
2 equipment. The Public Utility Commission disregarded the Company's requests for allowance of  
3 funds for repairs and greatly reduced the rates related to that budget item. Furthermore, the Public  
4 Utility Commission voided the agreement between CRRWC and General Manager, James Rooks,  
5 for repairs and maintenance to be performed in-house at a substantial savings to the Company. All  
6 repairs and service of Company equipment are now performed at market rates which are  
7 substantially higher than the rates at which James Rooks performed the same service.

8           Staff has further raised the issue of whether or not the repairs to Company equipment  
9 performed were necessary. Staff is not qualified to determine what repairs are necessary as they do  
10 not have any knowledge regarding the day-to-day work of CRRWC employees in order to maintain  
11 the water system. All repairs to Company equipment were necessary as the equipment is regularly  
12 used in the course of maintenance for the water system.

13           **Labor:** The PUC claims to use the AWWA Guidelines for labor. Under these guidelines  
14 the General Manager is receiving the appropriate salary and there is nothing excessive about the  
15 General Manager's rate of compensation.

16           Contrary to Staff's assertion CRRWC has not been using the Operating Fund to pay off  
17 the building loan in an accelerated fashion. The PUC instructed CRRWC to pay off the building  
18 out of the Assessment Funds and that is what CRRWC did. As has been explained ad nauseam  
19 the Assessments Funds were in the Operating Fund Account that were managed separately by  
20 the Company bookkeeper.

21           The \$130,656.26 check represents the money used to secure a bond as required by the  
22 Order of the Oregon Appellate Court staying the PUC Order of Distribution of Special  
23 Assessment Funds. The \$144,643.41 comes from the CD that was cashed from the Special  
24 Assessment Fund of which \$130,656.26 was used to secure the required bond.

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**CONCLUSION**

If there is any jeopardy for CRRWC and its customers that jeopardy was caused directly by the Public Utility Commission when it ignored CRRWC's rate request which was for the amount of money it actually takes to operate the Water Company not the speculative amounts proffered by PUC Staff. If the PUC Staff is legitimately concerned about the availability of funds to maintain the integrity of the water system then that concern is inconsistent with their request for distribution of Special Assessment funds to customers. Staff's actual motivation was revealed by PUC Spokesman Bob Valdez in the Tuesday, March 25, 2008, issue of *The Bend Bulletin*, "usually you have a small water company and the owner simply abandons the company or they pass away." Despite the harassment of Staff and their attempts thwart the operations of CRRWC by removing its operating revenue, Management and Board will continue to maintain the integrity of the Company and service which it provides.

RESPECTFULLY submitted this 16th day of June 2008.

GLENN, SITES, REEDER & GASSNER, LLP

/s/ Timothy R. Gassner  
TIMOTHY R. GASSNER, OSB 02309

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CERTIFICATE OF SERVICE

I certify that on June 16, 2008, I served the foregoing upon the following, by mailing a copy by postage prepaid first class to:

Charles G. Nichols PO Box 1594 Redmond, OR 97756	Crooked River Ranch Water Co. Brian Elliott, President Board of Directors PMB 313-1604 S. Hwy 97 #2 Redmond, OR 97756
--	---

Public Utility Commission of Oregon Michael Dougherty 550 Capitol St. NE Ste. 215 Salem, OR 97301	James R. Rooks, General Manager Crooked River Ranch Water Company PO Box 2319 Terrebonne, OR 97760
---	---

Steven Cook PO Box 1111 Terrebonne, OR 97760	Department of Justice Jason Jones Regulated Utility & Business Section 1162 Court St. NE Salem, OR 97301-4096
Craig Soule 11953 SW Horny Hollow Terrebonne, OR 97760	

/s/ Timothy R. Gassner  
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Madras, OR 97741  
(541) 475-2272  
Fax: 541-475-3394

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Public Utility Commission of Oregon  
Administrative Hearing Division

BEFORE THE PUBLIC UTILITY COMMISSION

OF OREGON

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NW 1381

HARD COPY OF ELECTRONIC  
DOCUMENT(S) RECEIVED

*104-096*

THE PUBLIC UTILITY COMMISSION OF )  
OREGON, )

Complainant, )

v. )

CROOKED RIVER RANCH WATER )  
COMPANY; and JAMES R. ROOKS, )  
Director, RANDOLPH M SCOTT, Director, )  
BRIAN ELLIOT, President, RICHARD A. )  
KEEN, Vice President, and RICHARD J. )  
MILLER, Secretary/Treasurer, in their )  
capacities as the CROOKED RIVER RANCH )  
WATER COMPANY BOARD OF )  
DIRECTORS. )

Defendants. )

TESTIMONY OF JAMES H. ROOKS

My name is James H. Rooks. I am the General Manager and Operations Manager for Crooked River Ranch Water Company (CRRWC). I make this testimony regarding CRRWC's compliance with ordering in paragraph 5 of Commission Order 07-527 and the penalties recommended by Staff based on CRRWC's response to the ordering paragraphs of Order 07-527.

This testimony is submitted without waiver of any of CRRWC's appellate rights regarding

DOCKETED

the order asserting jurisdiction in WJ8 any rate order produced as a result of UW120 or Order No. 08-409 in this proceeding. CRRWC continues to contest PUC jurisdiction to regulate CRRWC in any capacity. In the event that the Court of Appeals upholds the order asserting jurisdiction in WJ8 other issues will remain on appeal regarding the ability of the PUC to make order relating to the collection and disbursement of funds by CRRWC prior to the assertion of jurisdiction.

#### **CRRWC'S COMPLIANCE WITH ORDERING PARAGRAPH 5**

CRRWC made multiple submissions regarding ordering paragraph 5. Each successive submission was based on the assertion by Staff that the prior submission was incomplete or non-responsive. Nonetheless, with each CRRWC submission, CRRWC reasonably believed that the current submission would be deemed compliant. CRRWC respectfully disagrees with the Commission's Order on Order 08-177, which states:

“Regarding ordering paragraph 5, Crooked River's alleged inability to understand what the Commission intended the Company to file would have been suitable content for a Motion for Clarification that could have been filed on a timely basis. The Company's failure to file either the accounting or a motion establishes its lack of good faith.”

CRRWC had every reason to believe that with each successive submission that particular submission would reach the level of compliance deemed necessary. Consequently, there was no lack of good faith. It was only after CRRWC Staff, General Manager, Board of Directors and Counsel for CRRWC had presented all information available in multiple formats that CRRWC made the request for clarification on or about May 13, 2008. Attached to this testimony is a partial history of CRRWC submissions regarding ordering paragraph No. 5 marked as CRRWC Exhibit # 1 to the testimony of James Rooks and hereinafter incorporated by reference. It should be noted that this history does

not include the original submission regarding ordering paragraph No. 5 or CRRWC responses to Data Requests seeking the same information, or the information provided pursuant to Jefferson County Case No. CV07-0150 which included the same information.

CRRWC cannot be faulted for non-compliance with ordering paragraph 5 of Commission Order 07-527 as the Commission changed the provisions of the ordering paragraph in Commission Order 08-243 on May 2, 2008. The prior order did not contain the language "consistent with the purposes of the surcharge as stated in the enabling Board Resolution." CRRWC cannot reasonably be expected to furnish information that had not previously been requested as has been suggested by Staff. The original ordering paragraph 5 says simply "disposition of funds." No reference is made to compliance with the Board resolution for the special assessment collection.

On page 5 of Staff's testimony Michael Dougherty makes the accusation that \$130,000 in capital assessment funds have not been accounted for by CRRWC. This is a complete misrepresentation of the facts and accounting history of the Special Assessment Fund with CRRWC. CRRWC has accounted for all money received under the Special Assessment Fund. CRRWC has always separately identified the total amount of Special Assessment Funds received and segregated those funds for their intended purpose. In order to meet cash flow needs and maximize return on funds collected from the special assessment, CRRWC has distributed cash received through the Special Assessment Fund to operating expenses while identifying other funds held in investment accounts to replace cash collected through the Special Assessment Fund and used for operating expenses.

On page 5, lines 12 through 13, Staff makes the accusation that this practice is in violation

of the Company Board Resolution dated March 29, 2004. Nothing in the Board Resolution prohibits this conduct. CRRWC's management of cash flow and investment accounts represents sound financial management of CRRWC funds. Staff's accusation that there is a violation of the Company's Board Resolution in this regard is without merit.

Staff's second accusation that expenditures which predate the Board Resolution are not appropriate to include in account reconciliation for the Special Assessment Fund likewise lacks merit. In their testimony Staff has compiled a list of expenditures that they have characterized as being for "unintended purposes." The key words to this list can be found on page 7 of Staff Testimony, line 14, "**Staff Classified.**" This amounts to the subjective opinion of a single staff person with a demonstrated bias against the Board and Management of CRRWC. CRRWC questions Michael Dougherty's qualifications to say what is and is not within the scope of the Board Resolution. Michael Dougherty's testimony in this regard is nothing more than an unqualified opinion and should be treated as such by the Commission.

In fact, each and every expenditure which was deemed to be an "unintended purpose" by Staff is directly related or indirectly related to the purposes of the Board Resolution for Special Assessment Funds.

- A. Money expended in legal costs during the Commission assertion of jurisdiction in docket WJ 8 was necessary to preserve the Board of Directors' authority to control the ongoing collection of Special Assessment Funds and their disbursements consistent with the Board Resolution. Upon assertion of jurisdiction the Commission initiated a rate case in UW 120 and dictated that their rules prohibited further

collection of funds through the Special Assessment and that projects set forth in the Board Resolution were unnecessary. Contesting PUC jurisdiction was necessary to fulfill the intended purposes of the Resolution.

- B. The same holds true for the \$10,753 in accounting costs. If PUC Staff and the Commission had not taken a position contrary to the Board's purpose in passing the Special Assessment Resolution the associated accounting costs would not have been necessary.
- C. There was legal costs associated with CIAC in the rate case proceeding, however, Staff has not provided any basis for segregating \$2,984 in funds as not applicable to the purposes of the Board Resolution.
- D. The land in question was purchased for placement of Well 3, which was clearly within the purpose of the Board Resolution. As has been explained several times before, money for the purchase of the land was provided from the Operating Revenue Account which was reimbursed from funds collected through the Special Assessment.
- E. The crane was purchased in anticipation of construction of a third well, as the crane would be needed for construction of the well as well as modification of the standpipe and installation of a chlorination station, both of which are enumerated purposes set forth in the Board Resolution for Special Assessment Fund. The same is true of Staff's allegation on page 10 regarding backhoe and dump truck repairs. Both items of equipment would be necessary to the major construction projects enumerated in



## Board Resolution for Special Assessments.

On page 9, Staff repeats their accusation that CRRWC violated the Board Resolution by moving money between the Capital Assessment Fund and Operating Account. Staff repeats this accusation several times throughout their testimony. The mere repetition of this accusation does not make it true. As previously stated by CRRWC nowhere in the Board Resolution is there any prohibition against borrowing funds from the Special Assessment so long as those funds are replaced and fully accounted for.

Staff misrepresents the history of submissions by CRRWC with regards to ordering paragraph 5. In its accusation that “CRRWC delineates its claim that the Company complied with ordering paragraph 5 through the information submitted on January 8, 2008.” At no time has CRRWC made any admission that prior submissions have been noncompliant. CRRWC’s requests for clarification do not amount to an admission of non-compliance.

With every submission provided CRRWC has attempted to provide the information requested. Staff has acknowledged through the footnotes to their testimony that in many cases the account reconciliation performed by Staff resulted in mistakes, not from any lack of information provided by CRRWC but through Staff miscalculations and mis-classifications. CRRWC has never relied upon Staff’s work in compiling information into a format that Staff would like to see it in so as to be deemed in compliance with the term “accounting.” It is important to note that the Special Assessment Fund was collected and funds were disbursed prior to the assertion of PUC jurisdiction. Staff is effectively criticizing CRRWC management for not being compliant with PUC rules for a period of time when CRRWC was not under PUC jurisdiction and PUC regulations were not in

place. CRRWC cannot be faulted for its accounting and money management format not being identical to Staff's subjective opinion of proper format and accounting.

The fact is that there is no money unaccounted for as alleged by Staff in their testimony. There was a three year investigation by the Department of Justice into the accounting and management of funds at CRRWC which produced no evidence that money had been unaccounted for. Staff's accusation is entirely founded on the movement of money between the operating account and the special assessment fund which does not amount to money unaccounted for.

Staff alleges seven deficiencies with regards to CRRWC's submittals on ordering paragraph 5. Each alleged accusation is without merit and will be addressed in turn.

1. "In each of its accounting submittals, the Company includes different entries of expenses." Staff is attempting to allege a deficiency through different entries of expenses by attaching a portion of Wayne Truckee's report at the conclusion of his three year investigation. The section of report attached includes speculation by customers of CRRWC who are openly hostile to CRRWC management. These accusations by customers which are attached as part of Staff Exhibit 102, have no basis in fact, a conclusion which was demonstrated in the findings of Wayne Truckee and his ultimate conclusion. Staff's assertion on line 3 and 4 of page 15 effectively disagrees with the results of Wayne Truckee's three year investigation. Staff's alleged deficiency in this regard should be dismissed without consideration. Staff's alleged deficiency is disconcerting on multiple levels. First the basis for Staff's allegation of "variations in the Company's accounting of the fund" comes from a

source which Staff has not demonstrated to be reliable and for which Staff has made no independent investigation. Secondly, investigation was made by Wayne Truckee and the allegations of variations in the Company's accounting of the fund, by disgruntled customers, were demonstrated to be false. Staff's allegation is both irresponsible and false.

2. "Capital expenditures not included in the enabling resolution." The logical shortcomings of this alleged deficiency are obvious. CRRWC cannot complete the purposes set forth in the resolution without the equipment necessary to perform those construction projects. As for the pipe used in mainline extensions, the pipe purchased for the projects set out in the Board Resolution was replaced with pipe paid for by customers requesting mainline extensions and consequently there was no violation of the Board Resolution.
3. "Capital expenditures that occurred two to three years prior to the establishment of the Assessment Fund." As previously explained the Assessment Fund was collected and deposited into the Operating Account prior to the time when there a separate account for Operating Revenue and Special Assessment Funds collected. The amounts in the same account for Operating Expenses and Special Assessment Funds were nonetheless segregated. This information has previously been provided to Staff and Staff's testimony regarding checks deposited amounts to a misrepresentation of the facts in order to allege that funds are unaccounted for. Staff's quoting of a portion of the Resolution out of context and the subsequent simplistic analysis

likewise represents a misrepresentation in order to allege unaccounted for funds. Paying for debts as they are incurred is consistent with CRRWC's purchase of the land and crane.

4. "Expenditures that are not Capital Expenditures but are more correcting classified as Operating and Maintenance Expenditures." Accounting fees have previously been addressed within this testimony. The suggestion that the Assessment Booklet costs were not directly related to the Special Assessment is completely illogical. The fact that the expenditure occurred several days before the final Resolution is meaningless. The Resolution itself was of substantial importance to CRRWC operations and had been the subject of a dialog amongst the Board Members for six months prior to the passing of the Resolution itself. The expenditure for the Assessment Booklet was made with the understanding that the Board vote for the Special Assessment Resolution would result in that Resolution being passed.

The remaining deficiency allegations by Staff regarding the 1999 CD and segregation of Operating Expense Funds and Special Assessment Funds has previously been addressed. Staff merely repeats the same allegations previously made without providing additional information presumably in the hopes of bolstering their claims through mere repetition.

#### **AMOUNT OF PENALTIES & DISPOSITION**

Staff has not alleged any additional factual information in their testimony regarding the penalty amounts to be assessed or the disposition. The legal authority for these proposed penalties will be addressed in the briefs file by counsel for CRRWC.

Submitted this 30<sup>th</sup> day of September, 2008

*James R. Bell*

CERTIFICATE OF SERVICE

I certify that on October 1, 2008, I served the foregoing upon the following, by mailing a copy by postage prepaid first class to:

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