



1 previously included or addressed on the record in this proceeding. Additionally, Roats requests  
2 specific rate treatment related to those facts that is contrary to the stipulations filed in this case,  
3 and to which Staff has had no ability to respond on the record. Therefore, Staff respectfully  
4 requests that ALJ Power grant Staff's Motion for Leave to Supplement the Record in this  
5 proceeding with the supplemental testimony of Staff Witness Stephanie Yamada, which is  
6 attached to this Motion.

7  
8 DATED this 28th day of February, 2017.

9 Respectfully submitted,

10 ELLEN F. ROSENBLUM  
11 Attorney General

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13 Sommer Moser, OSB # 105260  
14 Assistant Attorney General  
15 Of Attorneys for Staff of the Public Utility  
16 Commission of Oregon

CASE: UW 166  
WITNESS: STEPHANIE YAMADA

**PUBLIC UTILITY COMMISSION  
OF  
OREGON**

**ROATS WATER SYSTEM, INC.**

**STAFF EXHIBIT 300**

**Testimony in Response  
to Roats February 23, 2017 Testimony**

**February 28, 2017**

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

3 A. My name is Stephanie Yamada. I am a Utility Analyst in the  
4 Telecommunications and Water Division of the Utility Program at the Oregon  
5 Public Utility Commission (Commission). My business address is 201 High St  
6 SE, Suite 100, Salem, Oregon 97301.

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

9 A. Please see my Witness Qualification Statement, which was filed previously in  
10 this docket as Exhibit Staff/101, Yamada/1.

11 **Q. HAVE YOU PREVIOUSLY PROVIDED TESTIMONY IN THIS DOCKET?**

12 A. Yes. I previously provided Testimony in Support of the December 6, 2016  
13 Stipulation and the Second Partial Stipulation, filed December 9, 2016. I  
14 also provided Testimony in Response to the Direction to Supplement the  
15 Record, filed February 23, 2017.

16 **Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?**

17 A. The purpose of my testimony is to respond to the testimony of Bill Roats, filed  
18 February 23, 2017. Specifically, I will respond to Mr. Roats' assertion that the  
19 loss of Crown Villa irrigation revenues should be addressed in the current rate  
20 case, UW 166.

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

22 A. No.

23 **Q. PLEASE SUMMARIZE MR. ROATS' PROPOSAL.**



1 A. In his testimony submitted February 23, 2017, Mr. Roats proposed to reduce  
2 customer credits in the proposed wheeling fee revenues rider to account for the  
3 loss of revenues attributable to Crown Villa irrigation service.

4 **Q. DO THE RATES SHOWN IN THE PARTIAL STIPULATION INCLUDE**  
5 **REVENUES ATTRIBUTABLE TO CROWN VILLA IRRIGATION SERVICE?**

6 A. Yes. Roats and Staff, as the Stipulating Parties to the first stipulation filed in  
7 this proceeding, agreed to a total irrigation revenue requirement of \$406,724,  
8 as shown in Exhibit Staff/102, Yamada/1. This amount included \$18,064 in  
9 revenues attributable to Crown Villa irrigation service.

10 **Q. WHY DID THE STIPULATING PARTIES AGREE TO INCLUDE CROWN**  
11 **VILLA IRRIGATION REVENUES IN THE REVENUE REQUIREMENT?**

12 A. As stated in Mr. Roats' testimony, Roats had originally planned to provide  
13 irrigation service to customers in Crown Villa, and only became aware of  
14 Crown Villa's intention to not use Roats' irrigation service on  
15 February 3<sup>rd</sup>, 2017. As such, the exclusion of Crown Villa irrigation revenues  
16 was not contemplated by the Stipulating Parties prior to filing the Partial  
17 Stipulation on December 6, 2016.

18 **Q. DO YOU AGREE WITH MR. ROATS' ASSERTION THAT THE LOSS OF**  
19 **CROWN VILLA IRRIGATION REVENUES SHOULD BE ADDRESSED**  
20 **PRIOR TO THE CONCLUSION OF UW 166?**

21 A. No. Adjusting rates at this stage in UW 166 would be inconsistent with  
22 standard ratemaking procedures. First, irrigation revenues, along with all other  
23 costs and revenues, were considered as part of the Stipulations entered into by

1       Roats and Staff. Items that were considered in the Stipulations should not be  
2       reconsidered at this late date. The appropriate revenues, costs, customer  
3       counts, and other important factors in UW 166 were already considered at  
4       length and agreed to by the Stipulating Parties, as reflected in the Partial  
5       Stipulation filed December 6, 2016, and the Second Partial Stipulation filed  
6       December 9, 2016. It is problematic to continue to update rates once a  
7       Stipulation is in place, as doing so can allow regulated utilities an opportunity to  
8       request recovery only for cost increases and revenue losses throughout the  
9       duration of a rate case, while ignoring any increased revenues or cost  
10      decreases that may have become known during the same time period.

11      Second, Staff does not have adequate information regarding all the impacts  
12      on Roats' revenue requirement of the loss of Crown Villa revenues to make a  
13      recommendation to the Commission regarding how the potential loss in load  
14      could be appropriately considered in rates. There are several factual issues  
15      that need further exploration and consideration related to the potential loss of  
16      load, including any potential costs avoided and potential impacts on common  
17      cost allocations, many of which are driven by customer counts. The latter  
18      would potentially impact most of the rates established through the Stipulations.  
19      In addition, Staff would need to gain an understanding of the impacts of the  
20      loss of the Crown Villa irrigation load on Roats' obligations to maintain the  
21      irrigation lines serving both Crown Villa and the Pines under the Asset  
22      Purchase Agreement.

1 **Q. HAVE THE STIPULATING PARTIES ALREADY AGREED TO IRRIGATION**  
2 **RATES AND REVENUES IN UW 166?**

3 A. Yes. As discussed above, the irrigation revenue requirement, as well as the  
4 appropriate rates to collect the irrigation revenue requirement, has already  
5 been considered and agreed to by the Stipulating Parties. The settlement  
6 process included concessions on the parts of both Stipulating Parties, and the  
7 Partial Stipulation and Second Partial Stipulation previously filed in the case  
8 constitute a global settlement of all issues. By signing the Partial Stipulation,  
9 both Stipulating Parties agreed to support the terms of that Stipulation.<sup>1</sup> It is  
10 not appropriate to revisit discrete portions of the Partial Stipulation at this late  
11 stage in UW 166.

12 **Q. DOES STAFF POSSESS ADEQUATE INFORMATION TO SUPPORT A**  
13 **METHOD FOR ADJUSTING IRRIGATION RATES TO ACCOUNT FOR**  
14 **THE LOSS OF CROWN VILLA IRRIGATION REVENUES?**

15 A. No. Staff would require additional information and analysis to support a  
16 method for appropriately incorporating the loss of Crown Villa irrigation  
17 revenues into the rates set in UW 166. For instance, in his testimony, Mr.  
18 Roats asserts that the elimination of irrigation service to Crown Villa would  
19 result in no reduction to irrigation labor, parts, power, or purchased water costs.  
20 However, the rates and revenues previously agreed to in the Partial Stipulation  
21 included \$4,091 in labor costs and \$1,355 in parts costs which were specifically

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<sup>1</sup> Partial Stipulation, Page 2 at 4-5 states, "The Stipulating Parties agree to recommend and support the revenue requirements included in Attachment A to this Partial Stipulation."



1        attributable to the provision of Crown Villa irrigation service, based on a three-  
2        year average of the City of Bend's expenses attributable to the provision of  
3        irrigation service to Crown Villa.<sup>2</sup> Furthermore, the irrigation purchased power  
4        and purchased water expense amounts agreed to by the Stipulating Parties  
5        included costs to serve Crown Villa, and a number of other operating expenses  
6        included amounts indirectly allocated to Crown Villa.<sup>3</sup> Further investigation  
7        would be required to understand the potential cost savings that Roats might  
8        experience from not providing irrigation service to Crown Villa, and the effects  
9        that this change could have on other allocated costs in the case.

10       **Q. COULD AN ADJUSTMENT FOR THE LOSS OF CROWN VILLA**  
11       **IRRIGATION CUSTOMERS AFFECT OTHER ASPECTS OF UW 166?**

12       A. Yes. For instance, as shown in Exhibit Staff/102, Yamada/14 and discussed in  
13       Exhibit Staff/100, Yamada 28-29, a number of expenses were allocated to the  
14       irrigation revenue requirement based the number of irrigation customers as a  
15       percentage of Roats' total proposed customer count. As such, adjusting the  
16       stipulated irrigation customer count at this stage in the case would cause both  
17       the domestic and the irrigation revenue requirement to change. This, in turn,  
18       would require all domestic and irrigation rates to change from those shown in  
19       the Partial Stipulation. Such an adjustment would be procedurally untenable  
20       as intervenors have not had an opportunity to provide input regarding this

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<sup>2</sup> See City of Bend 2011-2014 costs attributable to Crown Villa in Exhibit Staff/103, Yamada/17.

<sup>3</sup> See Exhibit Staff/100, Yamada/27-30 for a discussion of the methods used to allocate costs to irrigation service. As the irrigation customer count of 839 includes Crown Villa, allocations that are based on that number include a portion attributable to Crown Villa.



1 issue. As such, it may be difficult for intervenors to engage in the resolution of  
2 this issue in a meaningful way at this stage in the case. It is Staff's position  
3 that an adjustment to a previously-settled item, which would require a complete  
4 redesign of the stipulated rates, would not be possible given the short amount  
5 of time remaining in UW 166.

6 **Q. COULD AN ADJUSTMENT FOR THE LOSS OF CROWN VILLA**  
7 **IRRIGATION CUSTOMERS AFFECT RATEMAKING OUTSIDE OF UW**  
8 **166?**

9 A. Yes. As discussed above, it is standard ratemaking practice to avoid  
10 piecemeal ratemaking by requiring most rate adjustments to occur as part of a  
11 comprehensive general rate revision. Staff is concerned that allowing the  
12 continued adjustment of rate case items following the filing of a signed  
13 stipulation including those items could be problematic for future cases.

14 **Q. WHY IS IT APPROPRIATE FOR THE COMMISSION TO CONSIDER**  
15 **CHANGES IN THE REVENUE REQUIREMENT DUE TO THE ROATS**  
16 **WHEELING FEE AND NOT CONSIDER REVENUE REQUIREMENT**  
17 **CHANGES DUE TO POTENTIAL CROWN VILLA LOST REVENUES?**

18 A. There are two conditions which I believe make it inappropriate for the  
19 Commission to consider the loss of Crown Villa revenues at this time, which  
20 are not present in regard to the Roats Wheeling fees. First, the Roats  
21 Wheeling Fees were not among the revenues and costs considered by Staff  
22 and Roats before entering into the Stipulations in this docket. Second, Staff  
23 has all the information it needs, including a signed wheeling fee agreement,

1           necessary to make a recommendation regarding the treatment of those  
2           revenues, as addressed in my February 23, 2017 testimony.

3       **Q. DOES THIS CONCLUDE YOUR TESTIMONY?**

4       A. Yes.