

July 15, 2004

To Customers of Salmon River Water Company

RE: Proposed Rate Increase

This letter is to clarify the water rate case process at the Public Utility Commission of Oregon, based on customers phone calls received by the Commission. Salmon River Water Company has requested a revenue requirement increase, docketed as UW 102. The request will allow the company to increase rates to bring in more revenue due to increased costs. The Commission will follow its usual procedures in evaluating that request. In the meantime, the company has also requested an interim increase.

The Commission will consider the interim increase at the July 20, 2004 public meeting. The meeting will be held beginning at 9:30 a.m. in the main hearing room, at 550 Capitol Street NE, in Salem. Water Utility Staff has recommended an increase, *subject to refund if necessary*, as indicated in the attached memorandum (Appendix A). Because this is considered an emergency situation, the Commission will consider and decide the matter at the public meeting. As always, the public is invited to comment.

The long-term revenue requirement increase will follow its usual procedures. First, the company files a new tariff, which proposes the increase. The Commission then suspends the tariff, or delays implementation to allow an investigation. An open house meeting will be held in your community, and customers will be sent notices at least 10 days in advance. Representatives from the water company, Water Utility Staff, and an Administrative Law Judge will attend to answer questions. A prehearing conference will be held after the open house to set the schedule in the docket, providing dates for the following events: settlement conference, testimony, hearing, briefs, and tentative decision date. Water Utility Staff members, who are employees of the Commission, act in the public interest based on their analysis of the water company and its particular requirements. The parties in a rate case such as this are the company, the Water Utility Staff, and intervenors.

Customers are welcome to participate in one of two ways. One, a customer may become an interested person. That is, the customer simply signs up on a list and will get all mailings and notices from the Commission regarding the case. Two, a customer may become an intervenor. To be an intervenor, the customer must fill out a petition to intervene, to be granted by the Administrative Law Judge, indicating the customer's interest in the proceeding, issues the customer intends to raise, and special knowledge the customer has to offer. The customer must also assert that he or she will not "unreasonably broaden the issues, burden the record, or unreasonably delay the proceeding." As a full participant in the proceeding, the intervenor will receive all mailings sent by the other parties and can participate in settlement conferences, testimony, hearing, and briefing. The petition to intervene form is available on our PUC website, [www.puc.state.or.us](http://www.puc.state.or.us), under Commission Overview. Additional forms will be available at the open house meeting to be held in your community.

The public is notified of the open house for the long-term revenue requirement increase and is encouraged to participate in that process. However, interim rate requests are rare, so there is no formal process for notifying customers of the Commission public meeting. If you have further questions about the company's rate increase, please call Kathy Miller of Water Utility Staff at (503) 373-1003. Questions related to procedure, and not to the merits of this case, may be directed towards me at (503) 378-6208. Further information will be provided at the open house that will be held in your community in August. Notices will be sent, as the date approaches.

Sincerely,

Christina Smith  
Administrative Law Judge  
Public Utility Commission of Oregon