

1 **BEFORE THE PUBLIC UTILITY COMMISSION**
2 **OF OREGON**

3 UW 166

4 In the Matter of
5 ROATS WATER SYSTEM, INC.,
6 Request for a General Rate Revision
7

STAFF'S MOTION FOR LEAVE TO
SUPPLEMENT THE RECORD

8 Pursuant to OAR 860-001-0420, Staff of the Public Utility Commission of Oregon (Staff)
9 moves the Administrative Law Judge (ALJ) for leave to supplement the record with the attached
10 testimony in response to Roats Water System Inc.'s (Roats or Company) Testimony filed
11 February 23, 2017.

12 Staff and Roats reached a settlement on all issues in this case, as described in the first
13 Partial Stipulation and the Second Partial Stipulation previously filed in this proceeding.¹
14 Following the filing of those stipulations, Avion Water Company, Inc. (Avion) filed its Advice
15 No. 17-01, wherein Avion described a wheeling fee arrangement between itself and Roats that
16 was not previously considered in UW 166.² On February 1, 2017, ALJ Power issued a bench
17 request, directing the parties to supplement the record by responding to two issues: (1) whether
18 the wheeling fee revenues were included in the revenue requirement agreed to by the parties, and
19 (2) if the wheeling fee revenues were not included, supplemental testimony regarding the parties'
20 proposed treatment of those revenues in this case. On February 23, 2017, both Staff and Roats
21 submitted testimony in response to ALJ Power's bench request.³

22 The February 23, 2017 Testimony sponsored by Bill Roats in this proceeding addressed
23 issues that are beyond the scope of the bench request, and makes factual allegations not
24

25 ¹ The first Partial Stipulation was originally filed on December 6, 2016, and a corrected version
was filed on December 13, 2016. The Second Partial Stipulation was filed on December 9, 2016.

26 ² Staff/200, Yamada/2.

³ Staff/200; Roats Supplemental Testimony.

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

12 

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 3rd, 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.¹ 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

¹ 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.² 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.³ 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

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

³ 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.