

May 19, 2008

Oregon Public Utility Commission
PO Box 2148
Salem, OR 97308-2148

**RE: *CROOKED RIVER RANCH WATER COMPANY* Affiliated Interest Application
with *James Rooks* pursuant to ORS 757.495 and OAR 860-036-0730**

To Whom It May Concern:

This affiliated interest application is submitted in the manner and form indicated by OAR 860-036-0730.

DISCLAIMERS:

(1) PUC's order establishing jurisdiction is the subject of a petition for judicial review in the Oregon Court of Appeals. Crooked River Ranch Water Company ("CRRWC") submits this application under compulsion by the PUC without waiving its position that PUC has no authority to demand the filing of this application and that CRRWC is under no legal obligation to obtain PUC's approval of the employment relationship described herein.

(2) CRRWC has been ordered to submit this application on an expedited basis, and its request for more time has been denied. For the reasons set out in other submissions to the PUC, CRRWC has not had adequate time to provide as thorough a response as it might otherwise submit. Accordingly, CRRWC reserves the right to supplement this application.

INFORMATION REQUIREMENTS

(a) The applicant's exact name and the address of its principal business office.

Crooked River Ranch Water Company ("CRRWC")
13845 S.W. Commercial Loop
Terrebonne, Oregon 97760

- (b) The name and address of the person authorized on the water utility's behalf, to receive notices, inquiries, and communications regarding the information;**

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- (c) A statement describing the relationship between the water utility and the contracting entity as defined by ORS 757.015 and 757.490;**

Mr. Rooks serves on the CRRWC Board of Directors.

- (d) The amount, kind, and ratio to total voting securities held, if applicable;**

Not applicable.

- (e) A list of all officers and directors of the affiliated interest who are also officers or directors of the applicant;**

Not applicable – Mr. Rooks is not an entity with officers and directors.

- (f) The pecuniary interest, directly or indirectly, of any officer or director who is a party to the contract;**

Not applicable.

- (g) A description of the goods or services to be provided, the cost incurred in providing each of the goods or services, the market value of the goods or services if different from the costs, and the method or methods proposed for pricing those goods or services.**

Mr. Rooks provides services as General Manager of CRRWC, with responsibility for oversight of all administrative functions; maintenance of the physical plant; and compliance with local, state and federal water service regulations. Mr. Rooks is compensated as set out above in paragraph (h), below.

- (h) An estimate of the amount the water utility will pay annually for the goods or services and the accounts in which it will record the charges;**

Salary: \$83,500 per year, plus medical and dental benefits.

- (i) The reasons, in detail, relied upon by the water utility for procuring the proposed goods or services from the affiliate and benefits, if any, utility customers and the general public will derive from the provision of goods or services.**

Mr. Rooks has been General Manager of CRRWC since 1999, well before PUC asserted jurisdiction over CRRWC. He has been a member of the CRRWC Board of Directors for less than a year. Therefore, CRRWC's employment relationship with Mr. Rooks was established before PUC asserted jurisdiction and before he Mr. Rooks was a member of the CRRWC Board of Directors. CRRWC requests clarification as to what additional information, if any, is necessary to respond to this request.

- (j) A description of the procurement process and the reasons, in pertinent detail appropriate to the complexity of the procurement, relied upon by the water utility for procuring the proposed goods or services without a competitive procurement process, if such a process is not used.**

Mr. Rooks has been General Manager of CRRWC since 1999, well before PUC asserted jurisdiction over CRRWC. He has been a member of the CRRWC Board of Directors for less than a year. Therefore, CRRWC's employment relationship with Mr. Rooks was established before PUC asserted jurisdiction and before he Mr. Rooks was a member of the CRRWC Board of Directors. CRRWC requests clarification as to what additional information, if any, is necessary to respond to this request.

- (k) **Transfer prices in contracts or agreements for the procurement of goods or services under competitive procurement shall be presumed to be the market value, subject to evaluation of the procurement process;**

CRRWC has not yet had the opportunity to review PUC's Transfer Pricing Policy to determine if and how it would be applicable. CRRWC will supplement its application as necessary.

- (l) **A copy of the proposed contract or agreement between the water utility and the contracting entity.**

No written contract or agreement exists.

- (m) **Copies of all resolutions of directors authorizing the proposed transactions and, if stockholders' approval has been obtained, copies of the resolutions approved by the stockholders.**

The only applicable Board of Directors resolutions are attached. CRRWC reserves the right to supplement this application with additional resolutions if any are passed.

For the reasons set forth above, Crooked River Ranch Water Company respectfully requests that the Commission issue an order approving the affiliated interest contract between Crooked River Ranch Water Company and James Rooks pursuant to the provisions of ORS 757.495 and OAR 860-0386-730.

DATED: May 19, 2008.

HARRANG LONG GARY RUDNICK, P.C.



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