

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

UW 117

In the Matter of)	
)	
PETE'S MOUNTAIN WATER CO., INC.)	Submittal By
)	Intervener
)	
Request for an increase in total annual)	
Revenues from \$111,079 to \$212,300.)	
)	

I am an intervener in the above rate hearing. I submit this in connection with the hearing scheduled October 30, 2006:

1. The Utility has not and will not be able to sustain the statutory burden that the rate increase requested "... is just and reasonable". (ORS 757.210 (1))

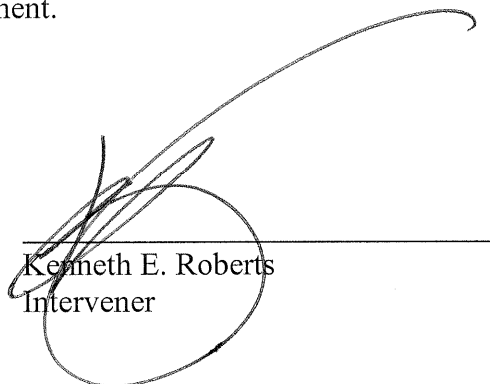
2. In completing its review, the PUC Staff reclassified certain amounts expended by the Utility to ensure they were properly accounted for and proposed other changes to the Utility's rate increase request for items/expenditures not yet incurred and therefore not properly in the plant investment and the rate base. However, the Staff failed to complete any analysis or make any determination whether such historic expenditures or proposed expenditures were "...just and reasonable".

3. Currently, over one half of all expenses incurred by the Utility are paid, directly or indirectly, to or for the benefit of the owners of the Utility. Because of this conflict of interest, the Utility has a higher burden of proof to show that such expenses are "... just and reasonable". Indeed, the law provides that when the Utility "... enters into a contract to make any payment, directly or indirectly, to any affiliated interest, for services, ..., accounting, ...managing, operating,...or other services, the contract shall be filed with the Public Utility Commission within 90 days of execution of the contract." (ORS 757.495 (1-2)) None of the contracts had been properly and timely filed. Therefore all amounts paid to the owners or for their benefit must be excluded from the rate base. (ORS 757.495 (3))

4. At the hearing I intend to question the Staff representative and the Utility's representative regarding the above matters and enter into the proceeding documents to be identified by these representatives and others in support of these contentions.

5. After excluding payments to affiliates under non-filed, non-approved contracts, the total projected revenue for the Utility under this rate case should be approximately \$77,000. Even if such contracts had been timely filed, the amounts paid exceed any just and reasonable amount for necessary services. The current rate base has provided, and can be expected to provide, adequate revenues to cover all just and reasonable expenses as well as providing an appropriate return on the Utility's net plant investment.

Dated this 16th day of October 2006.



Kenneth E. Roberts
Intervener

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CERTIFICATE OF SERVICE

I hereby certify that the foregoing Intervener's Response to the Request for an increase in total annual Revenues from \$111,079 to \$212,300 was served on:

See attached "Service List (Parties)"

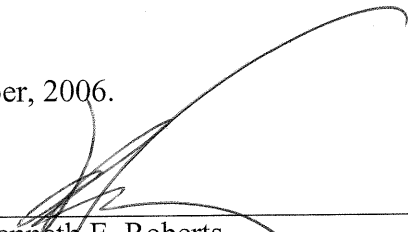
by causing a copy addressed as shown above to be transmitted on the date below via telecopier to the facsimile number shown above; or

by causing a copy thereof to be transmitted electronically to the email addresses shown on the attached; or

by causing a copy thereof to be hand delivered on the date below addressed as shown above; or

by causing a copy thereof to be placed in a sealed envelope, postage prepaid, addressed as shown on the attached in the United States Mail at Portland, Oregon, on the date below.

DATED this 16th day of October, 2006.



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Intervener
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DEPARTMENT OF JUSTICE

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