

1  
2  
3 BEFORE THE PUBLIC UTILITY COMMISSION  
4 OF OREGON  
5 UW 120  
6

7 In the Matter of )  
8 CROOKED RIVER RANCH WATER ) CRRWC'S RESPONSE STAFF  
9 COMPANY ) MOTION REGARDING CROOKED  
10 ) RIVER RANCH WATER COMPANY'S  
11 ) OPERATING ACCOUNT  
12 )  
13 )  
14 )

15 **INTRODUCTION**

16 The decrease in CRRWC's operating capital is entirely attributable to the rates imposed by  
17 the Public Utility Commission which were not adequate to cover the operating expenses of CRRWC.

18 **DISCUSSION**

19 Staff attributes the decrease in funds in the operating account to unusually high legal, repair  
20 and labor expenses. CRRWC will address each one of these categories of expenses in turn.

21 **Legal Fees:** In CRWWC's original rate application it requested \$40,000 per year for legal  
22 fees. The Public Utility Commission allowed \$6,000 in legal expenses. The current amount of legal  
23 expenses is consistent with the Company's projection and it is Staff's recommendation and the  
24 Commission's decision based on that recommendation which was inaccurate. Furthermore, it is the  
25 height of hypocrisy for Staff to complain about unusually high legal expenses when the rate case has  
26 been held open by Staff's requests and Staff through their never ending process of Data Requests  
has effectively been attempting to micro manage every aspect of Company operations whether or  
not there is any reasonable relationship to rates.

1           **Repairs:** The repairs to Company equipment constitute the normal annual repairs to that  
2 equipment. The Public Utility Commission disregarded the Company’s requests for allowance of  
3 funds for repairs and greatly reduced the rates related to that budget item. Furthermore, the Public  
4 Utility Commission voided the agreement between CRRWC and General Manager, James Rooks,  
5 for repairs and maintenance to be performed in-house at a substantial savings to the Company. All  
6 repairs and service of Company equipment are now performed at market rates which are  
7 substantially higher than the rates at which James Rooks performed the same service.

8           Staff has further raised the issue of whether or not the repairs to Company equipment  
9 performed were necessary. Staff is not qualified to determine what repairs are necessary as they do  
10 not have any knowledge regarding the day-to-day work of CRRWC employees in order to maintain  
11 the water system. All repairs to Company equipment were necessary as the equipment is regularly  
12 used in the course of maintenance for the water system.

13           **Labor:** The PUC claims to use the AWWA Guidelines for labor. Under these guidelines  
14 the General Manager is receiving the appropriate salary and there is nothing excessive about the  
15 General Manager’s rate of compensation.

16           Contrary to Staff’s assertion CRRWC has not been using the Operating Fund to pay off  
17 the building loan in an accelerated fashion. The PUC instructed CRRWC to pay off the building  
18 out of the Assessment Funds and that is what CRRWC did. As has been explained ad nauseam  
19 the Assessments Funds were in the Operating Fund Account that were managed separately by  
20 the Company bookkeeper.

21           The \$130,656.26 check represents the money used to secure a bond as required by the  
22 Order of the Oregon Appellate Court staying the PUC Order of Distribution of Special  
23 Assessment Funds. The \$144,643.41 comes from the CD that was cashed from the Special  
24 Assessment Fund of which \$130,656.26 was used to secure the required bond.

1 **CONCLUSION**

2 If there is any jeopardy for CRRWC and its customers that jeopardy was caused directly  
3 by the Public Utility Commission when it ignored CRRWC’s rate request which was for the  
4 amount of money it actually takes to operate the Water Company not the speculative amounts  
5 proffered by PUC Staff. If the PUC Staff is legitimately concerned about the availability of  
6 funds to maintain the integrity of the water system then that concern is inconsistent with their  
7 request for distribution of Special Assessment funds to customers. Staff’s actual motivation was  
8 revealed by PUC Spokesman Bob Valdez in the Tuesday, March 25, 2008, issue of *The Bend*  
9 *Bulletin*, “usually you have a small water company and the owner simply abandons the company  
10 or they pass away.” Despite the harassment of Staff and their attempts thwart the operations of  
11 CRRWC by removing its operating revenue, Management and Board will continue to maintain  
12 the integrity of the Company and service which it provides.

13 RESPECTFULLY submitted this 16th day of June 2008.

14 GLENN, SITES, REEDER & GASSNER, LLP

15  
16 /s/ Timothy R. Gassner  
17 TIMOTHY R. GASSNER, OSB 02309

CERTIFICATE OF SERVICE

I certify that on June 16, 2008, I served the foregoing upon the following, by mailing a copy by postage prepaid first class to:

Charles G. Nichols  
PO Box 1594  
Redmond, OR 97756

Crooked River Ranch Water Co.  
Brian Elliott, President Board of Directors  
PMB 313-1604 S. Hwy 97  
#2  
Redmond, OR 97756

Public Utility Commission of Oregon  
Michael Dougherty  
550 Capitol St. NE  
Ste. 215  
Salem, OR 97301

James R. Rooks, General Manager  
Crooked River Ranch Water Company  
PO Box 2319  
Terrebonne, OR 97760

Steven Cook  
PO Box 1111  
Terrebonne, OR 97760

Department of Justice  
Jason Jones  
Regulated Utility & Business Section  
1162 Court St. NE  
Salem, OR 97301-4096

Craig Soule  
11953 SW Horny Hollow  
Terrebonne, OR 97760

/s/ Timothy R. Gassner  
TIMOTHY R. GASSNER OSB 02309  
GLENN, SITES, REEDER & GASSNER, LLP  
205 SE 5<sup>th</sup> St.  
Madras, OR 97741  
(541) 475-2272  
Fax: 541-475-3394