

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

3 UW 120

4 In the Matter of

5 CROOKED RIVER RANCH WATER
6 COMPANY

7 Request for Rate increase resulting in total
8 annual revenues of \$868,453.

STAFF MOTION REGARDING CROOKED
RIVER RANCH WATER COMPANY'S
OPERATING ACCOUNT

9 INTRODUCTION

10 The Public Utility Commission of Oregon ("Commission") issued Order No. 08-243 on
11 May 2, 2008, which reopened the rate case. Based upon information that the Public Utility
12 Commission of Oregon Staff ("Staff") has received, it has reason to believe that Crooked River
13 Ranch Water Company's ("CRRWC" or "Company") Operating Account has decreased by
14 approximately 98 percent in a period of about four months.

15 Staff respectfully submits an update on CRRWC's use of funds as directed in
16 Commission Order No. 08-243. In the order, the Commission stated on page 7:

17 The rate case is reopened to consider the ratemaking treatment of the Company's
18 surplus capital (in excess of the amount recognized in Order No. 07-527).

19 DISCUSSION

20 In the time period between the issuance of Commission Order No. 08-177, dated March
21 24, 2008, and Commission Order No. 08-243, dated May 2, 2008, Staff sent 16 data requests to
22 CRRWC requesting additional information on bank accounts and company expenditures. The
23 data requests are attached as Attachment A. Of the 16 data requests, the Company failed to
24 answer or failed to provide complete responses to five data requests.¹ Subsequent to

25 _____
26 ¹ The Administrative Law Judge issued a Motion to Compel for Staff Data Request Nos. 156, 157, and 158 on May 29, 2008. Staff's Motion to Compel included Data Request Nos. 162 and 163; however, in its response to Staff's motion, CRRWC effectively answered data requests 162 and 163.

1 Commission Order No. 08-243, Staff sent an additional 18 data requests to the Company. The
2 data requests are also attached as part of Attachment A. Of the 18 additional data requests, Data
3 Request Nos. 178 through 183 are not due to Staff until June 12, 2008. Of the data requests that
4 have come due, CRRWC failed to answer or failed to provide complete responses to six of these
5 data requests.²

6 Based on responses received to date, Staff notes a significant decrease in the Company's
7 Operating Account from the period of December 31, 2007, through April 30, 2008.³ The
8 following table highlights the ending balances for the months listed:

<i>Month</i>	<i>Ending Balance</i>
December 31, 2007	\$102,433
January 31, 2008	\$114,603
February 29, 2008	\$100,908
March 31, 2008	\$46,710
April 30, 2008	\$39,008
<i>Decrease December - April</i>	\$63,425
<i>Percent Decrease</i>	62%

15 Although the April 30, 2008, balance shows \$39,008, the Company's accounting system
16 reconciliation statement, which includes uncleared transactions (checks, payments, deposits, and
17 credits) shows an April 30, 2008, register balance of only \$2,365.74.⁴ This results in a 98
18 percent decrease of available funds since December 31, 2007.

19 Upon examining both the reconciliation detail and responses to data requests, Staff notes
20 unusually high legal, repair, and labor⁵ expenses. Because these expenditures are much higher
21 than test year expenditures, Staff considers these expenditures problematic because many of
22 them appear unnecessary and may cause a lack of funds for necessary purposes including

23

24 ² Staff is currently drafting a request for a Motion to Compel to compel CRRWC to properly respond to Data
Request Nos. 166, 167, 170, 171, 173, 174, and 175.

25 ³ Staff will also request the May Operating Account statements once these statements become available.

26 ⁴ The Reconciliation Summary also includes New Transactions that result in an ending balance of \$5,770.26.

⁵ The CRRWC increased Mr. Rooks' wages from the UW 120 application level of \$25 to \$40.63 per hour. Staff
data requests Nos. 158 and 179 request information on Board Minutes and resolutions to determine if this pay
increase was approved by the Board.

1 required (versus optional) repairs, planned and preventative maintenance, operations, and hiring
2 personnel to the level (6.625 Full Time Equivalents) authorized by the Commission in Order No.
3 07-527. It is important to note that proper operation of the Company may be hampered due to
4 the lack of sufficient, qualified personnel to handle multiple demands of the system during peak
5 summer months.

6 Staff's concern is reinforced by statements the Company made to customers in a March
7 26, 2008, letter to its members (Attachment B). In this letter, the CRRWC stated:

8 The Board of Directors and management have made adjustments in order to try to
9 continue operations with the budget required by the PUC. Almost all overtime
10 has been eliminated for all staff, no major repairs have been undertaken, all
11 upgrades have been canceled due to lack of funds, and the equipment repairs have
12 been cut. Even with these cuts, the company is now operating in the red. The
13 PUC reduced rates but at the cost of the integrity of your water system. Under the
14 current PUC imposed budget it is only a matter of time before the integrity of the
15 system and the services provided will be compromised.

16 It is interesting that the Company tells the Commission and water company members that
17 it has no funds for repairs and improvements, but within five months it spent an excessive
18 amount of its funds on repair-type purchases.

19 In addition to the above referenced expenditures, the Company has been using the
20 operating fund to paying off its building loan in an accelerated fashion.⁶ In addition, the
21 Company drafted a check payable to itself for the amount (\$130,656.26) that the Commission
22 ordered CRRWC to refund its customers in Order No. 08-243. The reconciliation detail also
23 shows a \$144,643.41 deposit into the operating account to presumably fund the ordered special
24 assessment fund refund. Data Request No. 180, due June 12, 2008, asks for details concerning
25 this deposit.

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⁶ In March 2008, the Company actually paid \$27,533 towards the building loan from the operating account. Although the Commission intended the loan to be paid off through assessment funds, CRRWC opted to use operating funds.

1 CONCLUSION

2 Based on the information provided above, Staff believes that the Company, through the
3 use of its operating funds, may be placing itself in a position that hampers the proper operation of
4 the Company. If the Company continues to drain funds from its operating account, the necessary
5 funds may not be available for required repairs to the system and to hire adequate staffing to
6 ensure the continued operation of the system. This is especially challenging since the summer
7 peak-season is approaching and a greater demand on the system will occur. This increased
8 demand will most likely result in increased repair, operations, and maintenance costs. If the
9 Company does not properly manage its funds to ensure that it has sufficient reserves for repairs,
10 operations, and maintenance, there is a possibility the customers could have extended periods of
11 outages. Additionally, without sufficient, qualified personnel, any incorrect or inadequate
12 repairs could result in potential hazards to customers, such as drinking water contamination.

13 As a result, in light of Order No. 08-243, Staff feels it is imperative the Commission
14 receive an update on the status of CRRWC's use of funds.

15 DATED this 6th day of June 2008.

16 Respectfully submitted,

17 HARDY MYERS
18 Attorney General

19 Jason W. Jones
20 Jason W. Jones, #00059
21 Assistant Attorney General
22 Of Attorneys for Public Utility Commission of
23 Oregon Staff

24
25
26

March 27, 2008

J. R. ROOKS
CROOKED RIVER RANCH WATER COMPANY
PO BOX 2319
TERREBONNE, OREGON 97760

RE:	<u>Docket No.</u>	<u>Staff Request No.</u>	<u>Response Due By</u>
	UW 120	DR 150 - 156	April 11, 2008

Please provide responses to the following request for information. Contact the undersigned before the response due date noted above if the request is unclear or if you need more time.

150. Concerning the Certificate of Deposits:

a. If these Certificates of Deposits are part of the assessment fund balance, please explain why these accounts were not provided in data request responses and in response to the subpoena request:

1. *Bank records concerning the capital (special assessment) fund. Bank records should include all months that the special assessment fund has been in place, and copies of all checks written by the Company that were processed or recorded by the bank for the time period listed above. (Data requests nos. 3, 110, 121, 122, 124(b), and 126).*

- b. When were these CD accounts originally established?
- c. Please include the CRRWC check numbers that established these accounts. Please provide copies of the processed checks.
- d. Was November 2006 the original date these CD's were established or is November 2006 a renewal date on previous established accounts? Please explain. Please provide all statements since establishment of the accounts.

151. Please provide copies of the following checks (3344, 3346, 3583, 3806) made to CRRWC that were not cashed as of July 2006 operating account statement and show as a \$0.00 deposit in the August 2006 statement?

152. What was the purpose of writing checks to CRRWC off the operating account and not cashing these checks? Please explain.

153. Please explain why the capital assessment funds were used for dump truck repairs and back hoe repairs when the enabling resolution specifically stated that the funds would be use for:

- Drilling of Well No. 3, and plumbing to accommodate a chlorination system;
- Upgrading the Cistern and building a new pump house;
- Re-plumb and add a chlorination station to Well No. 1 (formally Well No. 4); and
- Pay-off the loan on the office building.

154. Please provide the applicable Board of Director resolutions that authorized this fund to be used for:

- Back hoe repairs;
- Dump truck repairs;
- Legal costs concerning the Commission assertion of jurisdiction of CRRWC in WJ 8;
- Accounting costs related to WJ 8, UW 120, a civil complaint, standard financial reporting, and other Commission regulatory matters;
- UW 120 legal costs concerning contributions in aid of construction;
- \$30,000 for land that was actually purchased in 2001 prior to the establishment of the capital assessment fund; and
- \$13,500 for a crane that was actually purchased in 2002 prior to the establishment of the capital assessment fund.

155. Concerning the Contingency Account:

- a. When was the Contingency Account established?
- b. Please include the CRRWC check numbers that established this account. Please provide copies of the processed checks.

156. Please provide the December 1, 2007 customer list.

CRRWC
Data Requests 150 - 156
March 27, 2008
Page 3

Please provide an original and one complete copy of your response to the attention of Vikie Bailey-Goggins, PO Box 2148 or 550 Capitol St NE Ste 215, Salem, OR 97308-2148; (puc.datarequests@state.or.us) and one complete copy to the attention of counsel for PUC Staff, Jason W. Jones, Department of Justice, 1162 Court St NE, Salem, OR 97301-4096 (jason.w.jones@state.or.us).

Michael Dougherty
Program Manager
Corporate Analysis and Water Regulation
(503) 378-3623

cc: Service List

April 10, 2008

J. R. ROOKS
CROOKED RIVER RANCH WATER COMPANY
PO BOX 2319
TERREBONNE, OREGON 97760

RE:	<u>Docket No.</u>	<u>Staff Request No.</u>	<u>Response Due By</u>
	UW 120	DR 157 - 158	April 25, 2008

Please provide responses to the following request for information. Contact the undersigned before the response due date noted above if the request is unclear or if you need more time.

157. As a follow-up to the company's response to data request 155, please provide a copy of check 1001 written off the contingency account. Was this check used for Cooney & Crew legal services? Please explain.

158. Please provide copies of all Board minutes and resolutions from July 1, 2005, through April 24, 2008.

Please provide an original and one complete copy of your response to the attention of Vikie Bailey-Goggins, PO Box 2148 or 550 Capitol St NE Ste 215, Salem, OR 97308-2148; (puc.datarequests@state.or.us) and one complete copy to the attention of counsel for PUC Staff, Jason W. Jones, Department of Justice, 1162 Court St NE, Salem, OR 97301-4096 (jason.w.jones@state.or.us).

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Program Manager
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April 11, 2008

J. R. ROOKS
CROOKED RIVER RANCH WATER COMPANY
PO BOX 2319
TERREBONNE, OREGON 97760

RE:	<u>Docket No.</u>	<u>Staff Request No.</u>	<u>Response Due By</u>
	UW 120	DR 159 - 165	April 28, 2008

Please provide responses to the following request for information. Contact the undersigned before the response due date noted above if the request is unclear or if you need more time.

159. Please provide a listing of current CRRWC employees? Please include job title, brief summary description of duties, and regularly scheduled hours per week.
160. Has CRRWC hired any personnel since Commission Order No. 07-527, which allowed funds for 6.625 full-time equivalents? If not, please explain why since there are sufficient funds available to hire additional personnel.
161. Has CRRWC hired the vacant field tech and meter read/field tech positions? If so, please provide the names of these personnel.
162. Has Mr. Rooks completed the qualifications for Water Operator 2? Please explain.
163. Does Mr. Valdez or any newly hired personnel have a Water Operator 1 or higher qualification? Please explain.
164. Please provide copies of the Accounting Program Reconciliation Detail for the Washington Mutual Operating Account for the months of November 2007 through March 2008.

CRRWC
Data Requests 159 - 165
April 11, 2008
Page 2

165. Please provide a copy of the March 2008 Washington Mutual Operating Account statement.

Please provide an original and one complete copy of your response to the attention of Vikie Bailey-Goggins, PO Box 2148 or 550 Capitol St NE Ste 215, Salem, OR 97308-2148; (puc.datarequests@state.or.us) and one complete copy to the attention of counsel for PUC Staff, Jason W. Jones, Department of Justice, 1162 Court St NE, Salem, OR 97301-4096 (jason.w.jones@state.or.us).

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Attachment A
Page 6 of 14

May 6, 2008

J. R. ROOKS
CROOKED RIVER RANCH WATER COMPANY
PO BOX 2319
TERREBONNE, OREGON 97760

RE:	<u>Docket No.</u>	<u>Staff Request No.</u>	<u>Response Due By</u>
	UW 120	DR 166 - 175	May 21, 2008

Please provide responses to the following request for information. Contact the undersigned before the response due date noted above if the request is unclear or if you need more time.

166. Please provide copies of all legal invoices for the time period of November 2007 through March 2008.
167. Please explain the legal services during the above time period provided by:
 - a. Balyeat & Eager
 - b. Paul J. Speck
 - c. Harrang/Long/Gary/Rudnick
 - d. Karnopp Petersen LLP
 - e. Glenn, Sites, Reeder & Gassner
168. Even though the Company indicates to customers that repairs have been cut, a review of the December 2007 through March 2008 Reconciliation Detail reports indicate that over \$15,000 has been paid to entities that provide repair and maintenance services/supplies. Please provide invoices for the following vendors from the time period of 11/01/07 through 03/31/08:
 - a. CNH Capital
 - b. Big R (payments over \$50)
 - c. Swift Steel
 - d. High Desert Aggregate
 - e. Terrebonne True Value
 - f. H. D. Fowler
 - g. Bullfrog Enterprises
 - h. High Desert Auto Parts
 - i. Wright Ford
 - j. Custom Tint

- k. Lawson Products
- l. United Pipe & Supply
- m. Linn Septic
- n. Fastenal
- o. NORCO
- p. Gowdy Brothers Electric
- q. PAVCO

169. As a follow-up to CRRWC's response to data request No. 161, please provide copies of all CRRWC job postings and advertisements for the vacant field tech position and meter reader/field tech positions that were authorized in Commission Order No. 07-527.
170. Please provide the Board Minutes and Board Resolution that authorized the General Manager's 63 percent pay increase as reflected in the employee's pay stubs. Please identify the vote cast by each Board Member for this Resolution.
171. Please explain the \$200 pay deduction for "Supplies" shown on the General Manager's pay stubs. What are the supplies? Please provide the Board Minutes and Board Resolution that authorized the deduction. Please identify the vote cast by each Board Member for this Resolution.
172. Please provide the name of the former Board member that left the Board resulting in a current vacant position.
173. Please provide the names, address, dates and terms (including the date term expires) for the present Board members.
174. Please provide copies of the verified/certified voting results for the current Board members. The results should indicate the number of affirmative votes.
175. Has any current Board Member had his term extended without an election by members? If so, please identify the Board Member. Please explain the circumstances behind the extension.

CRRWC
Data Requests 166 - 175
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Page 3

Please provide an original and one complete copy of your response to the attention of Vikie Bailey-Goggins, PO Box 2148 or 550 Capitol St NE Ste 215, Salem, OR 97308-2148; (puc.datarequests@state.or.us) and one complete copy to the attention of counsel for PUC Staff, Jason W. Jones, Department of Justice, 1162 Court St NE, Salem, OR 97301-4096 (jason.w.jones@state.or.us).

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cc: Service List

May 9, 2008

J. R. ROOKS
CROOKED RIVER RANCH WATER COMPANY
PO BOX 2319
TERREBONNE, OREGON 97760

RE:	<u>Docket No.</u>	<u>Staff Request No.</u>	<u>Response Due By</u>
	UW 120	DR 176	May 23, 2008

Please provide responses to the following request for information. Contact the undersigned before the response due date noted above if the request is unclear or if you need more time.

176. Please provide copies of the Washington Mutual Operating Account Statement and Accounting Program Reconciliation Detail for the Washington Mutual Operating Account for April 2008.

Please provide an original and one complete copy of your response to the attention of Vikie Bailey-Goggins, PO Box 2148 or 550 Capitol St NE Ste 215, Salem, OR 97308-2148; (puc.datarequests@state.or.us) and one complete copy to the attention of counsel for PUC Staff, Jason W. Jones, Department of Justice, 1162 Court St NE, Salem, OR 97301-4096 (jason.w.jones@state.or.us).

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May 14, 2008

J. R. ROOKS
CROOKED RIVER RANCH WATER COMPANY
PO BOX 2319
TERREBONNE, OREGON 97760

RE:	<u>Docket No.</u>	<u>Staff Request No.</u>	<u>Response Due By</u>
	UW 120	DR 177	May 29, 2008

Please provide responses to the following request for information. Contact the undersigned before the response due date noted above if the request is unclear or if you need more time.

177. Please provide invoices for the following vendors from the time period of 11/01/07 through 03/31/08:

- a. Pacific Power **Products**
- b. Aspen Creek Enterprises
- c. Washington Mutual - Visa

Please provide an original and one complete copy of your response to the attention of Vikie Bailey-Goggins, PO Box 2148 or 550 Capitol St NE Ste 215, Salem, OR 97308-2148; (puc.datarequests@state.or.us) and one complete copy to the attention of counsel for PUC Staff, Jason W. Jones, Department of Justice, 1162 Court St NE, Salem, OR 97301-4096 (jason.w.jones@state.or.us).

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May 29, 2008

J. R. ROOKS
CROOKED RIVER RANCH WATER COMPANY
PO BOX 2319
TERREBONNE, OREGON 97760

RE:	<u>Docket No.</u>	<u>Staff Request No.</u>	<u>Response Due By</u>
	UW 120	DR 178 - 183	June 12, 2008

Please provide responses to the following request for information. Contact the undersigned before the response due date noted above if the request is unclear or if you need more time.

178. As a follow-up to the response to Staff Data Request No. 168:

- a. Please explain why a company acting in a prudent manner would spend \$18,607 to repair a back hoe that has a net book value of approximately \$12,636.
- b. Please explain the need for the backhoe if the company is not engaged in any new construction. How many times a month is the Company using the back hoe?
- c. Please explain why it is cost effective to spend this amount of money on repairs on a the back hoe when a rental (United Rentals) is approximately \$230 per day

179. As a follow-up to the response to Staff Data Request No. 168, please explain the projects that utilized the pipe and plumbing supplies purchased from:

- United Pipe & Supply
- H. D. Fowler
- Fastenal
- Lawson Products
- Swift Steel

Were any of these purchases for inventory? Please explain.

180. As a follow-up to the response to Staff Data Request No. 176:

- a. Please explain the Bill Pmt – Check of \$130,656.26. In what account will these funds be deposited in?
- b. Please explain the \$144,643.41 deposit. Is this money coming from any of the CDs (Community First, Columbia River), the Contingency Account, and/or the Community First MMDA? Please explain the source of these funds.

181. As a follow-up to the response to Staff Data Request No. 176:

- a. Please explain why a company acting in a prudent manner would spend \$11,472.87 to repair a 1993 dump truck with approximately 709,754 miles/hours and a net book value of approximately \$767.
- b. Please explain the need for the dump truck if the company is not engaged in any new construction. How many times a month is the Company required to use this dump truck? What is the dump truck used for if no new construction is occurring?
- c. Please explain why it is cost effective to spend this amount of money on repairs when a rental (United Rentals) is approximately \$200 per day plus \$0.20 per mile.

182. Please explain the purposes (Board Meetings, etc.) of the numerous meal expenses (approximately 24) that are reflected in the in the November through March Visa account billings, especially since these restaurants are not in CRRWC's service territory.

183. Please explain what projects the reject material was used for as listed in the Aspen Creek invoice.

CRRWC
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Page 3

Please provide an original and one complete copy of your response to the attention of Vikie Bailey-Goggins, PO Box 2148 or 550 Capitol St NE Ste 215, Salem, OR 97308-2148; (puc.datarequests@state.or.us) and one complete copy to the attention of counsel for PUC Staff, Jason W. Jones, Department of Justice, 1162 Court St NE, Salem, OR 97301-4096 (jason.w.jones@state.or.us).

Michael Dougherty
Program Manager
Corporate Analysis and Water Regulation
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cc: Service List

Date: March 26, 2008
To: CRRWC Members
From: CRRWC Board of Directors
Subject: Public Utility Commission Update

Many of you have heard on the radio or television, or read in the newspaper, statements made by the PUC and their representatives which are not correct. The biggest misrepresentation has been that CRRWC has misappropriated \$118,000. Many of the media reports are inaccurate and misrepresent the contents of the PUC's order. If you would like to read the order itself, you can access it through the PUC website at <http://apps.puc.state.or.us/edockets/>, order number 08-177. The management and Board of Directors of Crooked River Ranch Water Co-op state to you now that there are no funds missing or unaccounted for in this company.

As you may know, in 2006 and 2007, petitions were collected by the Water Watch Dogs and submitted to the PUC requesting that they assert jurisdiction over your water company. After their first failed attempt to assert jurisdiction over CRRWC in 2001 the PUC sponsored legislation which became Oregon Revised Statute (ORS) 757.063. This is the law that provides for the PUC to intervene when 20% of a recognized association petitions for regulation. CRRWC has challenged the constitutionality of a law which allows an unrepresentative minority to take action on behalf of the majority as contrary to the fundamental democratic principles of this country.

When Chairman of the Public Utility Commission, Lee Beyer sponsored this new law before the legislature in Salem he said "If 20% of the associations' members say that or - petition us and say that we would like you to regulate our association, then it gives the PUC the right to come in and determine whether there is a need to do that or not. And, that is simply all it does. It provides us the opportunity to do that." After the legislature passed the Bill which became ORS 757.063 and petitions for regulation were submitted to the PUC the PUC started regulating CRRWC as soon as those petitions were received. This action by the PUC Staff was upheld by the PUC Board of Commissioners when challenged. In an order signed by Lee Beyer the PUC said "...we agree with Staff that ORS 757.063 confers jurisdiction upon Commission receipt and verification of signatures from 20 percent of a water association's members." "Furthermore, because jurisdiction presumptively attached at that time, CRRWC became a regulated utility subject to the laws

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administered by the Commission." Commissioner Beyer told the legislature one thing about the effect of the new law and then enforced a completely different interpretation. CRRWC has challenged this fraud which was perpetrated on our legislature through an appeal to the Court of Appeals in Salem, Oregon.

The fraud in the procurement of the law that allowed the PUC to regulate CRRWC is not the only illegal act perpetrated by the PUC against your water company. Actions by the Public Utility Commission are regulated by the Oregon Administrative Procedures Act. The Oregon Administrative Procedures Act is set out in laws known as Oregon Administrative Rules (OAR's). The PUC violated these OAR's when they asserted jurisdiction over CRRWC. This issue is also on Appeal to the Oregon Court of Appeals in Salem however we are still waiting for that case to be decided.

While the Court of Appeals considers whether or not the actions of the PUC were legal CRRWC remains under their oversight. Because of the PUC oversight a proceeding was started to establish rates necessary for the operation of your company. The PUC handpicked an Administrative Law Judge to conduct this proceeding. When the Judge disregarded information submitted by CRRWC an investigation revealed that the person the PUC picked was not a licensed attorney in the State of Oregon in violation of ORS 9.160. The Oregon State Bar started an investigation against this man for the un-authorized practice of law a crime punishable by up to a fine of \$500 or imprisonment in the county jail for a period not to exceed six months, or both. The Oregon State Bar investigator first found that the Judge had committed the un-authorized practice of law but later changed his position without explanation, likely under heavy political pressure.

The proceeding to establish rates went on with the PUC's Judge in charge and CRRWC submitted the initial rate request. The rate request was prepared with the assistance of the company's accounting firm who is experienced in these types of submissions to the PUC. The rate request contained a proposal for rates that would allow the company to continue with its maintenance program and perform necessary upgrades. The PUC responded with a budget that would not allow CRRWC to maintain the integrity of the existing water system let alone make any improvements.

The Board of Directors and management have made adjustments in order to try to continue operations with the budget required by the PUC. Almost all overtime has been eliminated for all staff, no major repairs have been undertaken, all upgrades have been cancelled due to lack of funds, and the

equipment repairs have been cut. Even with these cuts, the company is now operating in the red. The PUC reduced rates but at the cost of the integrity of your water system. Under the current PUC imposed budget it is only a matter of time before the integrity of the system and the service provided will be compromised.

In recognition of the fact that the Court of Appeals will likely overturn their order asserting jurisdiction the PUC is claiming non-compliance with its existing order and trying to impose fines against the CRRWC Board of Directors in order to appoint it's own representative to run CRRWC and eliminate the current Board and Management. With PUC people running the company the Appeal to the Court of Appeals will simply be dropped and the PUC will not be held accountable for their actions. The fact is that even though the law is not a fair one it is still the law until overturned by the Court of Appeals. CRRWC has abided by the law despite the claims of the PUC and their hand picked and non-licensed Judge. When certain issues in this case were brought before a Circuit Court Judge in Jefferson County CRRWC has obtained favorable rulings unfortunately due to legal processes not every action of the PUC can be appealed to the Circuit Court.

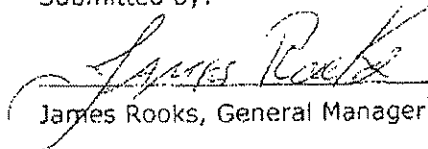
The PUC has demonstrated that it will stop at nothing to expand it's bureaucracy. The CRRWC Board of Directors and Management will continue to oppose regulation by the PUC when it is achieved through unethical and in some cases illegal means. Ask yourself this question:

Do you have clean, abundant water with adequate pressure at your house? If your answer is "yes", please pick up the phone and call the PUC and tell them to leave your water company alone! The Commissioner's phone number is

503-378-6611

The CRRWC Board of Director's and Management will continue to work hard to provide quality water service despite the interference by the PUC.

Submitted by:


James Rooks, General Manager

1 **CERTIFICATE OF SERVICE**

2
3 I certify that on June 6, 2008, I served the foregoing upon all parties of record in this
4 proceeding by delivering a copy by electronic mail and by mailing a true and exact copy by
5 postage prepaid first class mail or by hand delivery/shuttle mail.

6 STEVEN COOK
7 PO BOX 1111
8 TERREBONNE OR 97760
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10 CHARLES G NICHOLS
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18 **CROOKED RIVER RANCH WATER CO**
19 BRIAN ELLIOTT
20 PRESIDENT, BOARD OF DIRECTORS
21 PMP 313 - 1604 S HWY 97 #2
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23 **CROOKED RIVER RANCH WATER CO**
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