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December 19, 2007

VIA FEDERAL EXPRESS

Public Utility Commission of Oregon 550 Capitol St. NE Suite 215 Salem, OR 97301-2551

RE: DR-38

PACIFICORP, dba PACIFIC POWER & LIGHT COMPANY AND HCA MANAGEMENT COMPANY, LLC

Gentlemen:

Enclosed for filing please find original and 5 copies each of PETITION TO INTERVENE; MOTION TO DISMISS; MOTION FOR RECONSIDERATION OR REHEARING; MOTION TO STAY ENFORCEMENT OF ORDER OF MYRA LYNNE HOMEOWNERS ASSOCIATION AND GARY WALTERS and DECLARATION OF GARY WALTERS IN SUPPORT OF MOTION TO INTERVENE AND MOTIONS in the above referenced matter.

Very truly yours,

MATTHEW SUTTON

MS:ks Enclosures Cc: Client

> Jason Eisdorfer Michelle Mishoe David Hatton Deborah Garcia

John A. Cameron/Francie Cushman

Board has no objection to the petition to intervene. Joint Petitioner HCA has no objection to the petition to intervene but only to the limited extent that this intervention would allow the rulings of the Order to be prospective as of the date of the Order consistent with the position of HCA previously stated herein.

The information required by OAR 860-012-0001 for the petition for intervention is as follows: The proposed intervenors are Gary Walters and MLHA, 877 Krissy Dee, Medford, Oregon 97501. MLHA is an organization composed of approximately 81 members at the current date, all of which reside in the Myra Lynn Mobile Home Park that is the subject of this proceeding. Walters also resides in said Park and currently serves as the President of MLHA. The purpose of MLHA is to advance the interests of the residents of the Park as described in more detail in the declaration of Walters. Walters and the other members of MLHA are all directly affected by this proceeding and have been subjected to electrical rate increases as a direct result of the previous Order herein.

Mr. Walters and 67 other members of MLHA have also been adversely affected by this proceeding since it has retroactively conflicted with their lawsuit in the Jackson County Circuit Court which seeks repayment for past overcharges by HCA. The issues that the proposed intervenors intend to raise are those set forth herein, including but not limited to erroneous application of the Oregon Landlord Tenant Act, HCA's lack of authority to maintain this proceeding under Oregon law, the violation of Due Process.

ARGUMENT

- 1. Good Cause Exists for Allowing the Petition to Intervene.
 - a. The Order is Based Upon the Erroneous Presumption That All Tenants Were
 Invited to and Declined to Join this Proceeding.

The Order incorrectly states that "[a]s a matter of courtesy, an Administrative Law Judge invited the tenants of the Myra Lynne Mobile Home Park to participate in this 2 – PETITION TO INTERVENE AND MOTIONS

proceeding in correspondence dated May 11, 2007. The Tenants declined the offer per a correspondence dated May 25, 2007. "Order at 1. In fact, there are approximately 206 spaces in the Park and less than half of them were extended this "invitation." Walters Dec. at The ALJ's letter was sent to MLHA which currently approximately 81 members and to the undersigned who represents approximately 68 of those members in a related lawsuit in Jackson County. Walters Dec. at 1-2. Any response to the "invitation" by the undersigned could not speak for all of the tenants since he represented less than half of them.

As such, the vast majority of the tenants were not invited to join the proceeding. Many of those are senior citizens on fixed incomes who are now facing utility rate increases of at least 100% based upon the Order. Walters Dec at 1-2.

This highlights a fundamental flaw in these proceedings. The tenants are the ones who are being adversely affected. Their rates are being increased, retroactively based upon the PUC ruling. And they were not joined as parties in this proceeding. Nor were they all notified of this proceeding. Nontheless, HCA's counsel is now utilizing the Order to increase the tenants' rates. Walters Dec. at 2, Ex. "3", p. 2 ("When Myra Lynne complies with Order No. 07-455, as it is required to do under ORS 756.450, your clients and other Myra Lynne tenants will see an approximate 30 percent increase in their monthly charges for electricity.") This increase is already being implemented. Walters Dec. at 2

b. The PUC Led MLHA and Walters to Believe its Order Would Not Impact the Jackson County Litigation.

The tenants declined to participate did so in large part based upon the representations of the Administrative Law Judge that this proceeding would not impact their Jackson County lawsuit. Walters Dec. at 2. That lawsuit had been filed to seek legal redress for prior overcharges in violation of ORTLA. As long as they could still effectively pursue their remedies in the Jackson County proceeding, there was no compelling reason for them to 3 – PETITION TO INTERVENE AND MOTIONS

engage in additional legal proceedings before the PUC. This was important since a substantial number of the tenants are senior citizens on fixed incomes or with lower incomes that could not justify the legal expenses of participating in two duplicative proceedings when one of them would suffice.

It was in this context that the ALJ's statements of May 11, 2007 were made. She specifically said that "The outcome of the declaratory ruling will be binding between the petitioners, HCA Management Company, LLC, and PacifiCorp, and the commission, see ORS 756.450, but would not impact any outstanding litigation in the circuit court system." Hayes 5/11/07 Ltr. (emphasis added). However, since the PUC decided to make its decision retroactive, nothing could be further from the truth.

The retroactive Order has not only allowed HCA to hike the tenants rates under a false pretense of legitimacy, but it has allowed them to claim that the tenants were undercharged in the past. Because of this, HCA may claim a right of recoupment that will offset and undercut the tenants claims in the Jackson County Circuit Court. Walters Dec. at. Ex. "3", p. 2. As stated by HCA's attorney "[b]y declining to limit the scope of its ruling to prospective-only application, I read the PUC order as requiring Myra Lynne to recoup these undercollections from its tenants who would otherwise receive a windfall in comparison to other residential end-users in Pacific Power's service territory." Id. (emphasis added). This is a far cry from no impact and is an additional reason why the petition to intervene must be allowed.

c. The Relief Granted Violates of Due Process.

It has been held that relief granted in excess of that prayed for in a prayer for relief is void for violation of due process. <u>Cooley v. Fredinburg</u>, 144 Or App 410, 927 P2d 124 (1996), modified on other grounds, 146 Or App. 436, 934 P.2d 505 (1997).

The fact that a court has initial jurisdiction over the parties and the subject 4 – PETITION TO INTERVENE AND MOTIONS

matter does not authorize it to act without appropriate notice to the parties. If the proposed order would grant relief different from that contemplated by the original proceeding and would affect a party's personal rights, due process requires that there be reasonable notice and an opportunity to be heard. Scarth v. Scarth, 211 Or. 121, 126, 315 P.2d 141 (1957). If the notice of the proposed relief is so defective or lacking that it does not satisfy the requirements of due process, the court is deprived of jurisdiction to enter an order arising out of such a defective procedure. Hood River County v. Dabney, 246 Or. 14, 21, 423 P.2d 954 (1967). Such an order, entered without jurisdiction, must be considered a nullity. State ex rel. Hall v. Hall, 153 Or. 127, 129, 55 P.2d 1102 (1936).

Id. at 418 (emphasis added).

In this case, the Joint Petition that was provided to the attorney for some of the tenants only indicated that future utility rates could be affected. It stated that "[P]etitioners request that the Commission apply its determination on a prospective-only basis, effective for utility billings issued after the date of its order." Joint Petition... at 10 (emphasis added). Nothing in the prayer for relief gave any indication that a retroactive ruling would be issued. Id. As such, the Order is void since its first ruling grants a ruling retroactively "[p]rior to the time HB 2247 became effective". Order at 2.

As indicated above, the Order is also void in violation of the Due Process Clause for an even more fundamental reason as well. There is nothing in the record providing notice or a reasonable opportunity to be heard to all of the tenants in all 206 spaces of the Myra Lynne Mobile Home Park. In light of this, the PUC's order allowing HCA to go back against all of these same tenants now for alleged underpayment of utility charges is void.

2. Joint Petitioner HCA Management is Not Entitled to Any Remedy Since it is Not Registered in Oregon.

Joint Petitioner HCA has not been registered to do business in the State of Oregon.

Walters Dec. at 2, Ex. "6". The record in this proceeding indicates that it is a California 5 – PETITION TO INTERVENE AND MOTIONS

company. <u>Id.</u>; <u>Joint Stipulation of Facts</u> at Ex. "C". As such, it is prohibited from doing business in this State. ORS 68.701(1). This includes, "[m]aintaining, defending or settling any proceeding." ORS 63.701(2) (a). This prohibited HCA from bringing this proceeding in the first place. As such, the Order should be vacated <u>nunc pro tunc</u>.

Although the forgoing authorities are sufficient, ORS 63.704(1) is also instructive. This provides that a foreign limited liability company may not maintain any court proceeding without being authorized to transact business in this State. ORS 63.704(1).

The bottom line is that HCA Management is unlawfully conducting business here in Oregon. As such, its efforts orchestrate a rate hike on lower income Oregon residents by obtaining the blessing of the PUC cannot be indulged here. Since HCA has no right to maintain this proceeding, this case must be dismissed and the Order rescinded.

3. The Order Erroneously Negates the Oregon Residential Landlord Tenant Act.

The basic contention of MLHA and Walters is that the Oregon Landlord Tenant Act ("ORTLA") does not permit a landlord to bill a tenant in excess of the actual charges being incurred by the landlord from the utility. This was the case both before and after the 2005 amendments.

a. The PUC Failed to Consider the Prior Version of ORTLA and Yet Erroneously Issued a Retroactive Ruling.

It is noteworthy that the Order did not even analyze the prior version of the statutes in question, but proceeded to issue a retroactive ruling based solely on the 2005 version of ORTLA. Order at 10. ("Prior to the time HB 2247 became effective, Myra Lynne Mobile Home Park... was required..."). The amazing upshot of this is that the PUC has based its ruling on the pre-2005 time period without even considering what the law was prior to 2005. Importantly, the prior version of ORTLA provided only for billing tenants for the "utility or

service charge that has been billed by a utility or service provider to the landlord...". ORS 90.510(8)(a) (2003).

If a written rental agreement so provides, a landlord may require a tenant to pay to the landlord a utility or service charge that has been billed by a utility or service provider to the landlord for utility or service provided directly to the tenant's dwelling unit or to a common area available to the tenant as part of the tenancy. A utility or service charge that shall be assessed to a tenant for a common area must be described in the written rental agreement separately and distinctly from such a charge for the tenant's dwelling unit. A landlord may not increase the utility or service charge to the tenant by adding any costs of the landlord such as handling or administrative charge, other than those costs billed to the landlord by the provider for utilities or services as provided by this subsection.

ORS 90.510(8)(a) (2003) (emphasis added). As such, the landlord could not bill a tenant any utility rate or charge other than what the landlord itself was being billed by the utility.

It is also noteworthy that the prior version of ORTLA does not contain the "subject to the policies of the utility" language of the 2005 revisions. ORS 90.532 (2005). Thus, there is no provision that can be used to justify or allow for different rates. This makes the analysis fairly simple. The landlord can only charge the tenant the same rate that it is being charged by the utility. To charge the tenant at a higher rate would be unlawful. ORS 90.510(8)(a) (2003).

Furthermore, the record is devoid of any facts or evidence that would allow the PUC to determine the correctness of HCA's practices prior to 2006. Order at 1-2. The facts stated do not even address what was provided for in the tenants' rental agreements or the method employed by HCA prior to 2006 to calculate the charges to the tenants. Id. While the Joint Stipulation of Facts referred to the billing practices in general form, no actual bills prior to 2006 were submitted for the record. Joint Stipulation... at 4. Moreover, there is no record whatsoever of how HCA was billed for utility charges for common areas and how those were passed on to the tenants. Not only is this record an insufficient basis for the ruling, it is also further indication that the parties intended to seek a prospective ruling.

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Since it is not supported by law or a sufficient record, it is necessary for the Order to be amended to delete its first ruling in its entirety. Order at 10.

b. The 2005 Amendments to ORTLA Did Not Create a New Utility Profit Center for Oregon Landlords.

The 2005 amendments to ORTLA did not alter the basic principal that the landlord cannot bill tenants for utility charges in excess of what the landlord is charged from the utility. In fact, it reinforced this point in several provisions. The sub-metering provisions of ORS 90.536 make it clear that the landlord can not bill the tenant at a rate greater than the average rate billed to the landlord by the utility and a pro-rata share of any actual base or service charges from the utility. ORS 90.536(2)(1), (c) (2005). To assert otherwise would necessarily advance the erroneous argument that the Oregon State Legislature intended to change the law to allow landlords to profit by utility charges at the expense of the tenants.

However, the express language of the new statute indicates that no such change was intended. In fact, the 2005 changes go even farther than that by including an outright prohibition in relation to the base or service charges assessed to the tenants. "A utility or service charge to be assessed to a tenant under this section **may not include**: (a) **any additional charge**, including any costs of the landlord, for the installation, maintenance or operation of the utility or service system or **any profit for the landlord**; or (b) **Any costs to provide a utility or service to the common areas** of the facility." ORS 90.536(3) (2005). (emphasis added). The master meter provisions contain a similar prohibition. ORS 90.534 (2005).

The Order went erroneously astray by abandoning the standard <u>PGE</u> analysis for statutory interpretation in a manner that outright negated these provisions and rendered them void of any application. <u>Order</u> at 6-8.

In this first level of analysis, the text of the statutory provision itself is the starting point for interpretation and is the best evidence of the legislature's intent. * * *

Also at the first level of analysis, the court considers the context of the statutory provision at issue, which includes other provisions of the same statute and other related statutes. *Southern Pacific Trans. Co. v. Dept. of Rev., supra, 316 Or. at 498, 852 P.2d 197; Sanders v. Oregon Pacific States Ins. Co., 314 Or. 521, 527, 840 P.2d 87 (1992).* Just as with the court's consideration of the text of a statute, the court utilizes rules of construction that bear directly on the interpretation of the statutory provision in context. Some of those rules are mandated by statute, including, for example, the principles that "where there are several provisions or particulars such construction is, if possible, to be adopted as will give effect to all," ORS 174.010 and that "a particular intent shall control a general one that is inconsistent with it," ORS 174.020. * * *

If the legislature's intent is clear from the above-described inquiry into text and context, further inquiry is unnecessary.

PGE v. Bureau of Labor and Industries, 317 Or 606, 611, 859 P2d 1143 (1993) (emphasis added).

At the first level of the <u>PGE</u> analysis, the provisions of ORS 90.536 are clear and unambiguous and can be applied on their face. As such, the PUC was correct in finding no ambiguity or conflict. <u>Order</u> at 7. However, several aspects of the "first level of analysis" were ignored in the Order's analysis which resulted in a perverse outcome that was not intended by the Legislature. First of all, ORS 90.536 contains the more particular provisions on what can be included in sub-metering charges to tenants so it must necessarily control under the above quoted language from <u>PGE</u>. However, the Order took the opposite approach by subordinating these provisions to the more general ORS 90.532. <u>Order</u> at 7 (stating that these general provisions "govern those contained in ORS 90.536(1)").

Furthermore, the Order ignored the mandate at the first level of analysis to, if possible interpret, the statute in such a way that gives effect to all of its provisions. <u>PGE</u>, 317 Or at 606. In this case, that means that Order negated the express prohibition on charging

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tenants "at a rate no greater than the average rate billed to the landlord by the utility…" ORS 90.536(2)(a). It also means that the Order cancelled out the prohibition on landlords charging tenants for "any additional charge", or "any profit". Under <u>PGE</u>, this is simply an impermissible interpretation that allows the utility to essentially override the law enacted by the Oregon State Legislature.

Therefore, a correct interpretation of the "subject to the policies of the utility" provision of ORS 90.532 is one that leaves the specified provisions of ORS 90.536 in place and effective. In that regard, it is noteworthy that the Legislature used the term "policies" rather than "rate structure" or "rate schedules". Although the 2005 Amendments did not define "policies", it is clear from the forgoing analysis that those policies can not be any that would override the prohibitions of ORS 90.536(2)-(3). Moreover, it could not be referring to any policies that would allow a landlord to bill a tenant at a higher rate than the landlord is being charged by the utility. This is clear from the legislative history:

With regard to the cost of service, as a result of PUC recommendations, this section refers to the average rate billed to the landlord by the provider, since there may be a range of rates charged, based on the amount of the service consumed. In addition, the 'no greater than' phrase reflects that the utility provider policies might require a landlord to charge the tenant at a rate that is lower than the rate the provider uses to bill the landlord – a residential rate instead of a commercial rate, for example.

Joint Stipulation of Facts, Ex. "D" at 8 (emphasis added).

Thus, the Order has instituted a perverse status quo in which HCA is allowed to bill the tenants at a higher rate than they are being charged by Pacific Power. This results in prohibited additional "charges" to the tenants. It also necessarily grants HCA profits that ORTLA does not allow landlords to make from the tenants on the basis of utility charges. As such, the Order must be reconsidered and modified to avoid these defects.

4. The Order Allows Landlords to Provide Utilities for Profit in Violation of the Utility Licensing and Regulatory System.

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	In Oregon, a whole slew of requirements must be met before any entity is allowed to
1	provide utilities for profit. And yet the PUC's ruling effectively puts landlords in the utility
2	business for profit. This is addressed in ORTLA which provides that landlords who provide
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4	utilities only to tenants "in compliance" with ORS 90.532-90.536 is not considered a public
5	utility under ORS 757. ORS 90.532(6). But the Order jeopardizes this "safe harbor" by making
6	compliance something that landlords in the State of Oregon can not readily check by reviewing
7	the provisions of ORTLA. Instead, it ushers in a new dynamic where compliance depends
8	upon the fluctuating "policies" and rate schedules of Pacific Power. This puts Oregon
9	landlords in a precarious position and certainly isn't what the Legislature could have intended.
10	CONCLUSION
11	For the reasons set forth herein, the petition and motions of MLHA and Walters must
12	be granted.
13	DATED this 11th day of December, 2007
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15	Matthew Sutton, OSB# 92479 Attorney for Walters and MLHA
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II	11 - PETITION TO INTERVENE AND MOTIONS

Administrative Law Judge Christina Hayes. A copy of this letter is attached hereto as Exhibit "2" and incorporated herein by this reference. This letter stated that this PUC proceeding would not impact our Jackson County lawsuit. Because of this assurance, and our limited resources, we decided not to participate in the PUC proceeding which would have doubled our legal expenses in our estimation. We also erroneously assumed that the Oregon Landlord Tenant Act would be correctly applied to prevent further overcharges by the landlord of the type alleged in our lawsuit in Jackson County.

- 4. As such, our decision was to pursue our rights in the Jackson County lawsuit where a trial is now scheduled for March of 2008. It is also noteworthy that the landlord was previously unsuccessful in moving for the dismissal of the Jackson County lawsuit upon the basis of this pending PUC proceeding.
- 5. However, after the PUC Order was entered in November of 2007, counsel for the landlord threatened to increase our rates and to recoup alleged prior "undercharges" based upon the PUC Order. It stated that we could face a 30% increase in our rates because of this. A copy of his letter to this effect dated October 30, 2007 is attached hereto as Exhibit "3" and incorporated herein by this reference.
- 6. The tenants have now received notices of increase in our electrical rates based upon the PUC ruling. A copy of the notice is attached hereto as Exhibit "4" and incorporated herein by this reference. Copies of the billings I have received from the landlord for the past few months are attached hereto as Exhibit "5" and show an increase of approximately 100% in our electrical charges. Other tenants have seen a greater increase than I have.
- 7. These rate increases will have a significant impact on our limited finances and will sent a hardship to many lower income tenants and members of our Association. Accordingly, the operation of the PUC's order should be suspended until we can be heard on the issues raised in our petition and motions
- 2 DECLARATION IN SUPPORT OF PETITION TO INTERVENE AND MOTIONS

1	8. We also do not believe it is appropriate for HCA to have brought this proceeding in
2	the first place since it is a California Company that is not authorized to do business in Oregon.
3	A copy of the printout from the California Corporation Division is attached hereto as Exhibit "6"
4	and incorporated herein by this reference.
5	I HEREBY DECLARE THAT THE ABOVE STATEMENT IS TRUE TO THE BEST OF MY
6	KNOWLEDGE AND BELIEF, AND THAT I UNDERSTAND IT IS MADE FOR USE AS EVIDENCE IN
7	COURT AND IS SUBJECT TO PENALTY FOR PERJURY.
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10	Gary Walters
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STATE OF OREGON)
) ss
County of Jackson)

I hereby certify that the within and foregoing is a true, complete, and compared transcript of the original PETITION TO INTERVENE; MOTION TO DISMISS; MOTION FOR RECONSIDERATION OR REHEARING; MOTION TO STAY ENFORCEMENT OF ORDER OF MYRA LYNNE HOMEOWNERS ASSOCIATION filed herein and of the whole thereof.

Matthew Sutton, OSB #92479 Attorney for Plaintiffs

STATE OF OREGON) ss.
County of Jackson)

I hereby certify that I served the within and foregoing PETITION TO INTERVENE; MOTION TO DISMISS; MOTION FOR RECONSIDERATION OR REHEARING; MOTION TO STAY ENFORCEMENT OF ORDER OF MYRA LYNNE HOMEOWNERS ASSOCIATION on the _____ day of December, 2007, by depositing a true copy thereof in the United States Mail at Medford, Oregon, enclosed in a sealed envelope with postage thereon fully prepaid, said envelope containing such true copy being plainly addressed to:

John Eisdorfer
The Citizens' Utility Board of Oregon
610 SW Broadway, Suite 308
Portland, OR 97205

David Hatton
Assistant Attorney General
Department of Justice
Regulated Utility & Business Section
1162 Court St., NE
Salem, OR 97301-4096

Michelle Mishoe Legal Counsel Pacific Power and Light 825 NE Multnomah, Suite 2000 Portland, OR 97323 Deborah Garcia Public Utility Commission of Oregon PO Box 2148 Salem, OR 97301-4096

John A. Cameron Francie Cushman Attorneys at Law 1300 SW Fifth Ave., Ste 2300 Portland, OR 97323

Matthew Sutton, OSB #92479 Attorney for Walters and MLHA

STATE OF OREGON)
) ss
County of Jackson)

I hereby certify that the within and foregoing is a true, complete, and compared transcript of the original **DECLARATION OF GARY WALTERS IN SUPPORT OF MOTION TO INTERVENE AND MOTIONS** filed herein and of the whole thereof.

Matthew Sutton, OSB #92479 Attorney for Plaintiffs

STATE OF OREGON) ss.
County of Jackson)

I hereby certify that I served the within and foregoing **DECLARATION OF GARY WALTERS IN SUPPORT OF MOTION TO INTERVENE AND MOTIONS** on the ____day of December, 2007, by depositing a true copy thereof in the United States Mail at Medford, Oregon, enclosed in a sealed envelope with postage thereon fully prepaid, said envelope containing such true copy being plainly addressed to:

John Eisdorfer The Citizens' Utility Board of Oregon 610 SW Broadway, Suite 308 Portland, OR 97205

David Hatton
Assistant Attorney General
Department of Justice
Regulated Utility & Business Section
1162 Court St., NE
Salem, OR 97301-4096

Michelle Mishoe Legal Counsel Pacific Power and Light 825 NE Multnomah, Suite 2000 Portland, OR 97323 Deborah Garcia Public Utility Commission of Oregon PO Box 2148 Salem, OR 97301-4096

John A. Cameron Francie Cushman Attorneys at Law 1300 SW Fifth Ave., Ste 2300 Portland, OR 97323

Matthew Sutton, OSB #92479 Attorney for Walters and MLHA