

ITEM NO. CA13

PUBLIC UTILITY COMMISSION OF OREGON
STAFF REPORT
PUBLIC MEETING DATE: August 28, 2018

REGULAR _____ CONSENT X EFFECTIVE DATE _____ N/A _____

DATE: August 21, 2018

TO: Public Utility Commission

FROM: Malia Brock MB

THROUGH: Jason Eisdorfer, Bryan Conway, and Bruce Hellebuyck
EP Jr. BAC

SUBJECT: GOVERNMENT CAMP WATER COMPANY: (Docket No. UI 404)
Requests approval of an Affiliated Interest Agreement between
Government Camp Water Company and the Owner of the Equitable Title
to Government Camp Water Company, Lesli Ann Bekins. (Salary)

STAFF RECOMMENDATION:

The Public Utility Commission of Oregon (Commission) should approve Government Camp Water Company's (Government Camp or Company) affiliated interest agreement with the owner of the equitable title to the Company, Lesli Ann Bekins, subject to the following conditions:

1. The Company will provide the Commission access to all books of account as well as all documents, data, and records that pertain to any payments to Ms. Bekins.
2. The Commission reserves the right to review, for reasonableness, all financial aspects of this transaction in any rate proceedings or alternative form of regulation.
3. The Company shall notify the Commission in advance of any substantive changes to the contract, including any material change in price over the amount approved in this Order. Any such change shall be submitted in an application for a supplemental order (or other appropriate format) in this docket.
4. The Company shall seek Commission approval of Ms. Bekins' election of health insurance under the Agreement as either a material change to the Agreement or as a new affiliated interest agreement.
5. Total annual compensation paid to Ms. Bekins shall not exceed \$50,130.

DISCUSSION:

Issue

Whether the Commission should approve the affiliated interest contract.

Applicable Rule or Law

A corporation or person has an "affiliated interest" with a public utility when it owns or holds, directly or indirectly, at least five percent of the voting securities of that public utility, or is an officer of that public utility. See ORS 757.015. When a public utility enters into a contract with an affiliated interest, it must seek Commission approval of the contract within 90 days of execution of the contract. See ORS 757.495; OAR 860-036-2210. This includes contracts for wages and salaries to be paid to owner-operators of the public utility.¹ A contract is deemed to be executed on the date the parties sign a written contract or on the date the parties begin to transact business under the contract, whichever date is earlier. See ORS 757.495.

Under OAR 860-036-2230(2)(e), when services or supplies are sold to a water utility by an affiliate, sales must be recorded in the water utility's accounts at the affiliate's cost or the market rate, whichever is lower. The Commission reviews affiliated interest agreements and will only approve them if the terms are fair and reasonable and not contrary to the public interest. See ORS 757.495(3). However, the Commission need not determine the reasonableness of all financial aspects of the agreement for ratemaking purposes, and may reserve that issue for subsequent proceedings. See Order No. 11-071 (Docket No. UI 306).

Analysis

Background

This docket concerns an affiliated interest agreement in the form of a proposed employment contract between Government Camp and Ms. Bekins, the Company's

¹ See *In re Pete's Mountain Water Company, Inc.*, OPUC Docket No. UW 117, Order No. 07-219 (June 4, 2007) (noting that a water company must file affiliated interest contracts for the wages and salaries paid to owner-operators); *In re Pete's Mountain Water Company, Inc.*, OPUC Docket No. UI 261, Order No. 07-106 (March 15, 2007) (approving an affiliated interest contract for an owner-operator, subject to conditions); *In re Pete's Mountain Water Company, Inc.*, OPUC Docket No. UI 262, Order No. 07-107 (March 15, 2007) (same); see also *In re Pete's Mountain Water Company, Inc.*, OPUC Docket No. UW 117, Order No. 06-657 (Dec. 4, 2006) (noting a company must file affiliated interest contracts for wages and salaries paid to owner-operators before the Commission could fully review requested rate increase).

current Secretary,² to be President and Chief Executive Officer (CEO) of the Company. The Agreement first came to Staff's attention in the Company's rate case that is currently pending in Docket No. UW 174, which was filed on December 29, 2017. After Staff notified the Company that the Agreement would require Commission approval, the Company filed an application for Commission approval of the Agreement on June 5, 2018.³

The Company is a small family investor owned, rate and service regulated water utility that provides water to an unincorporated area in Government Camp, Oregon. It provides water service to approximately 660 homes and businesses, approximately 190-260 of which are permanent residents. Customers include permanent and part-time residents, multi-family condominium complexes and home owner associations, and snow resorts.

Ms. Bekins, as the current Secretary and future President and CEO of the Company, currently receives wages from the Company. The last time Staff reviewed the terms of her compensation and the Company's President and CEO's compensation was during the Company's initial rate case, in which \$30,000 was included in rates for the position of President and CEO and \$9,600 was included in rates for an administrative assistant, for a total of \$39,600 in approved wages.⁴ A separate affiliated interest application was not made in conjunction with any of these wages at that time.

Consistent with the affiliated interest statute and the Commission's orders, the Company now seeks approval for a new salary for an affiliate, Ms. Bekins, as President and CEO of the Company, in the annual amount of \$62,062 (including payroll tax).

Staff reviewed the proposed Agreement, issued twenty-two information requests, reviewed other information submitted by the Company, and investigated the following issues:

1. Terms and Conditions of the Agreement
2. Transfer Pricing
3. Public Interest Compliance
4. Records Availability, Audit Provisions, and Reporting Requirements

² The transfer of all shares of the Company from Maryanne Hill, its prior owner, to Ms. Bekins, the owner identified in the Company's filing in this docket, is the subject of Docket No. UP 375.

³ At the same time, the Company filed an application for approval of the transfer of all company stock to Ms. Bekins (Docket No. UP 375) and two additional affiliated interest agreements (Docket Nos. UI 402 and UI 403). At the Company's request, the extension period for its currently pending rate case was extended to accommodate these filings. See Order Nos. 18-179 (Docket No. UW 174).

⁴ Docket No. UW 145, Order No. 11-278 (July 29, 2011).

1. Terms and Conditions of the Agreement

Staff reviewed the Agreement between the Company and Ms. Bekins. In the proposed Agreement, Ms. Bekins, as President and CEO of the Company, would receive an annual salary of \$62,062. Rather confusingly, the Company's application indicates that this figure includes payroll tax,⁵ while the proposed Agreement characterizes that figure as Ms. Bekins' salary "at the gross rate prior to all taxes and other withholdings."⁶ Staff believes that the notation in the application that this figure includes payroll tax is therefore incorrect, when compared with the terms of the proposed Agreement. While it is possible that the Company is errantly seeking ratemaking treatment here for a proposed salary of \$56,782 and the payroll tax implications of that salary,⁷ the text of the actual proposed Agreement submitted in this docket is the document that the Commission has before it to consider and is not written that way. In any event, a decision in this docket will not be for the purposes of ratemaking; the Company's overall costs will be separately considered in an appropriate rate case in the context of establishing overall fair and reasonable rates.

Other terms and conditions of the Agreement include access to employee benefit plans made available to senior executives of the Company; vacation, which is to be taken at times and in such increments as the Executive may choose; health insurance, which, at the election of the CEO, the Company shall pay the full costs of for the CEO and the CEO's family in accordance with whatever plan that the Employer maintains for its other employees; and severance pay. Costs for these terms are not included in the \$62,062 proposed salary. The proposed terms and conditions refer to programs that are not now in effect and do not include any provisions limiting the cost of the provisions, if implemented. While Staff notes that such unilateral discretion by the an affiliated CEO might impose dramatic costs if some of these provisions come into play, because the cost implications would be separately reviewed in a rate case, Staff does not find these terms to necessarily pose a harm at this time. Staff recommends, however, that the election of insurance be treated as a material change or new agreement needing Commission approval under the proposed ordering conditions.

2. Transfer Pricing

Pursuant to OAR 860-036-2230)(2)(e), the amount paid by a utility to an affiliated interest is required to be at cost or the market rate, whichever is lower. Given the nature of the proposed employment contract, Staff's review focused on the market rate since in this case the terms "market" and "cost" are the same given the uniqueness of

⁵ Application at 2, 4.

⁶ Agreement Section 6.

⁷ See Docket No. UW 174, Application at Attachment A (requesting approval in rates of a new salary for Ms. Bekins as CEO of \$56,782 plus associated payroll taxes).

this affiliated interest relationship and its human capital services.⁸

In the Application, the Company provided a chart pulled from the Department of Labor, Bureau of Labor Statistics (BLS), Occupational Employment Statistics to support the proposed salary.⁹ The Company based its justification on the Standard Occupational Classification (SOC) code of 111021, which reflects positions in the category of "General and Operations Manager," not limited by industry or size of company. The Company used the 25th percentile of salaries for this position in the Portland metropolitan area as a comparator for the proposed CEO salary. This geographical major metropolitan area includes Portland, Vancouver, and Hillsboro.

Because this SOC code includes positions at all types and sizes of companies, Staff believes that the 25th percentile is the highest possible reference point that should be used in the BLS's SOC data. An even lower reference point may be appropriate due to the small size of the Company, its lack of other employees, and its reliance on contract labor, yet using the 25th percentile as a reference point rather than an even lower figure reflects that the Company operates in a highly regulated industry, which requires special expertise and ongoing care and attention.

Staff believes that a closer comparator for Government Camp would be the non-metropolitan area of the North Coast region. That region does not include the largest urban downtown center in the state, and does include resort areas Staff views as similar to Government Camp. In the North Coast region, the 25th percentile for salaries in the same SOC is \$50,130.¹⁰ In line with this figure, Staff's primary recommendation is that the Commission approve the Agreement at no greater than \$50,130 for the CEO salary.

Additionally, Staff also reviewed the 25th percentile for salaries for this SOC across the state of Oregon.¹¹ The Portland, Vancouver, and Hillsboro salary proposed by the Company appears to be an outlier when compared to salaries statewide, which otherwise range from \$44,800 to \$54,050. The median for these figures is \$50,885. Both the individual values and the median are shown below in Table 1. In line with these figures, an alternative recommendation is that the Commission approve the Agreement at no greater than \$50,885 for the CEO salary.

⁸ See Docket No. UW 174, Testimony at 9 (requesting \$56,782 in salaries) and Attachment A (characterizing Ms. Bekins proposed salary as \$62,062, including payroll taxes).

⁹ Application at 4 (describing data from the Department of Labor, Bureau of Labor Statistics).

¹⁰ See Attachment A.

¹¹ See Attachment A.

Table 1.

Area Name	"General and Operations Manager" 25th Percentile Wage
Albany, OR	\$ 50,790.00
Bend-Redmond, OR	\$ 50,980.00
Central Oregon (non-metro)	\$ 52,900.00
Corvallis, OR	\$ 46,430.00
Eastern Oregon (non-metro)	\$ 54,050.00
Eugene, OR	\$ 52,540.00
Grant Pass, OR	\$ 44,800.00
Medford, OR	\$ 49,180.00
North Coast, OR (non-metro)	\$ 50,130.00
Portland, Vanc., Hillsboro (metro)	\$ 62,450.00
Salem, OR	\$ 51,620.00
South Coast, OR (non-metro)	\$ 50,100.00
Median Salary Range in 25 Percentile	\$ 50,885.00

Finally, Staff also analyzed the proposed CEO duties and salary against data provided by the American Water Works Association (AWWA), which reports salaries of water utilities (not including wastewater). The 50th percentile of AWWA salaries for the position of Rural Systems Office Manager for water systems with less than 25 employees is \$43,500.¹² AWWA describes a Rural Systems Office Manager as:

*“Responsible for supervision of all administrative functions at the utility, including maintaining office supplies and coordinating office administrative schedules. Supervises other administrative personnel. May also be responsible for certain accounting activities, including billing, processing utility payments, bank deposits, drawing warrants for payment of delinquent bills, and processing payroll, along with taking minutes at meetings and servicing a receptionist”.*¹³

Staff reviewed the duties listed as CEO/President in the Application.¹⁴ Through information requests, Staff investigated the proposed CEO salary and duties and

¹² 2016 American Water Works Association Compensation Survey. American Water Works Association-Rural, page 67. See Attachment B, Page 1, Water Participants, Summary of All Reported Data by Total Employment.

¹³ 2016 American Water Works Association Compensation Survey. American Water Works Association-Rural, page 65. See Attachment B, Page 2, All Participants, Job R140.

¹⁴ Application at 2-3.

identified areas where the CEO and contract labor duties may overlap. Staff also assessed the frequency of the plans developed, reports issued, and work performed:

- The Company reads meters yearly and provides quarterly billing statements to its customers, which lessens the number of customer contacts compared to a company that reads meters and bills on a more frequent basis, such as monthly.
- Staff inquired about the number of capital improvements completed since the last rate case and was advised by the Company that many projects are completed informally, without written plans. The Company identified several such projects.¹⁵
- The Company indicated it had entered into four contracts since May 2014, with Schroeder Law Offices, KWillis Consulting, and affiliated interest leases with Maryanne Hill and Lesli Ann Bekins.¹⁶
- The United States Forest Service (USFS) Special Use Permit was last prepared in September 2001 and amended in July 2004. The permit expires December 31, 2021.¹⁷
- Two prospective development meetings have occurred since 2011.¹⁸

Staff also reviewed examples of reports and filings listed in the application as the CEO's duties, including a feasibility report for an existing customer; membership fees; an annual summary report of cross connection and backflow prevention for the Oregon Health Authority's (OHA) Drinking Water Program; a water test report by Pixis Labs, the annual drinking water report; an OHA Drinking Water Program survey prepared every three years; and a report requested by the USFS to map the waterlines of the Company into the CAD (Computer Aided Design) file, done by a contractor.

In many of the Company responses to Staff's information requests, the dividing line between the duties listed in the application for the CEO and the duties currently performed by contractors is not clear. There does appear to be overlap¹⁹ and some listed CEO responsibilities appear to be sent to contractors for resolution. Staff notes that the role of the contract water operator and cost of that contract has expanded substantially since the last rate case. Staff notes that this docket does not address any ratemaking issues; the Company's costs will be separately considered in the context of establishing overall fair and reasonable rates in an appropriate ratemaking docket. But, as a conservative third alternative recommendation, to avoid excessive salaries for overlapping duties, Staff proposes that the Commission could approve the Agreement

¹⁵ Response to Staff Information Request No. 18. See Attachment C, Pages 1 and 2.

¹⁶ Response to Staff Information Request No. 9. See Attachment C, Page 3.

¹⁷ Response to Staff Information Request No. 19. See Attachment C, Page 4.

¹⁸ Response to Staff Information Request No. 20. See Attachment C, Page 5.

¹⁹ For instance, the water operator prepared a 2015 capital improvement plan, while the application listed preparation of such plans as the CEO's duties. Compare Response to Information Request No. 18 with Application at 3. The operator also attends developer meetings and prepares some reports, which are listed in the application as CEO duties.

at a salary of no greater than \$47,850, which reflects the AWWA comparison identified above plus a 10 percent premium for additional responsibilities of the CEO. In summary, Staff's primary recommendation is to use the BLS data for the North Coast region approve the Agreement at a salary of no greater than \$50,130. To provide flexibility should the Commission wish to approve of a different salary, Staff provides two other calculations that produce an annual salary of either \$47,850 or \$50,885.

3. Public Interest Compliance

The Commission customarily applies a no harm standard to affiliated interest agreements. Wages are an ordinary and necessary expense incurred in the operation of a business. Wages to an owner should not be supplanted by the Company's net income that results from a return on plant investment, or by cash flow that partially results from the return of investment.

Staff agrees the Company will benefit by a full-time CEO/President position. However, and particularly in light of statewide data, with the increased level of contractor involvement and oversight of this utility, economies of scale due to yearly meter readings and quarterly billing practices, and demonstrated frequency of the duties listed, Staff believes the public interest is best served by limiting the proposed compensation according to Staff's recommendations above.

Additionally, proposed condition No. 2 provides for the Commission's review, for reasonableness, all financial aspects of this transaction in an appropriate rate proceeding. This provision is particularly important in this case because Docket No. UW 174 is currently pending, with salary and contract expenses and overall Company costs at issue.

4. Records Availability, Audit Provisions, and Reporting Requirements

Proposed conditions numbers 1 through 3 above, together with the Commission's authority over water utilities, afford the Commission the necessary opportunity to examine the Company's records and activity regarding the Agreement.

Conclusion

Based on the review of this application, Staff concludes the following:

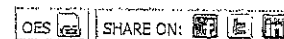
1. The application regards an affiliated interest agreement that is fair and reasonable and not contrary to the public interest, with the inclusion of proposed ordering conditions.
2. Necessary records are available.

3. Staff recommends the Commission limit the salary requested to \$50,130, based on the comparable position of "General and Operations Manager," for the Department of Labor, Bureau of Labor Statistics, Occupational Employment Statistics of the North Coast.

PROPOSED COMMISSION MOTION:

Approve Government Camp Water Company's application for approval of the Affiliated Interest Agreement with Lesli Ann Bekins, an affiliated interest, for the yearly salary expense amount of \$50,130 subject to the five recommended conditions.

Occupational Employment Statistics Query System



Occupational Employment Statistics

(For more information or help
(/help/def/oes.htm))

One occupation for multiple geographical areas

[Back to Inputs \(\)](#)

Occupation: General and Operations Managers(SOC code 111021)

Period: May 2017

Area name	Employment(1) ()	Employment percent relative standard error(3) ()	Hourly mean wage ()	Annual mean wage(2) ()	Wage percent relative standard error(3) ()	Hourly 10th percentile wage ()	Hourly 25th percentile wage ()	Hourly median wage ()	Hourly 75th percentile wage ()	Hourly 90th percentile wage ()	Annual 10th percentile wage(2) ()	Annual 25th percentile wage(2) ()	Annual median wage(2) ()	Annual 75th percentile wage(2) ()	Annual 90th percentile wage(2) ()
Albany, OR(0010540)	670	6.4	43.34	90140	4.2	15.30	24.42	34.23	55.13	77.76	31820	50790	71200	114680	161740
Bend-Redmond, OR(0013460)	1620	5.8	43.46	90400	3.4	16.50	24.51	34.17	54.21	81.06	34320	50980	71080	112760	168600
Central Oregon nonmetropolitan area(4100003)	920	5.8	43.32	90100	3.8	16.23	25.43	34.82	50.08	83.08	33760	52900	72420	104170	172810
Corvallis, OR(0018700)	530	7.6	39.73	82630	4.4	13.36	22.32	33.56	52.93	70.69	27790	46430	69810	110090	147020
Eastern Oregon nonmetropolitan area(4100004)	1050	6.5	40.25	83730	3.9	17.73	25.99	34.88	49.18	63.80	36880	54050	72540	102300	132710
Eugene, OR(0021660)	2510	4.7	45.32	94260	2.7	17.14	25.26	37.14	56.85	80.01	35640	52540	77260	118240	166420
Grants Pass, OR(0024420)	370	8.1	41.37	86050	8.1	16.85	21.54	32.36	47.49	77.37	35050	44800	67320	98780	160930
Medford, OR(0032780)	1460	5.1	43.59	90670	3.1	15.57	23.65	35.69	50.04	81.78	32380	49180	74230	104090	170110
North Coast Oregon nonmetropolitan area(4100001)	640	8.9	41.06	85400	4.6	15.16	24.10	36.90	49.70	72.32	31540	50130	76760	103370	150430
Portland-Vancouver-Hillsboro, OR-WA(0038900)	21270	2.7	57.07	118710	1.9	22.40	30.02	45.23	71.86	(5) -	46590	62450	94080	149460	(5) -
Salem, OR(0041420)	2820	4.4	46.63	96980	3.7	18.15	24.82	40.94	57.49	77.96	37750	51620	85160	119580	162160
South Coast Oregon nonmetropolitan area(4100002)	890	6.2	41.10	85490	3.8	15.69	24.09	32.30	48.27	70.50	32640	50100	67180	100410	146650

Footnotes:

- (1) Estimates for detailed occupations do not sum to the totals because the totals include occupations not shown separately. Estimates do not include self-employed workers.
- (2) Annual wages have been calculated by multiplying the hourly mean wage by 2,080 hours.
- (3) The relative standard error (RSE) is a measure of the reliability of a survey statistic. The smaller the relative standard error, the more precise the estimate.
- (5) This wage is equal to or greater than \$100.00 per hour or \$208,000 per year.

American Water Works Association - Rural - 2016

Water Participants

Job R140 - Rural System Office Manager

Summary of All Reported Data by Ownership/Management Type

Scope	# of Utilities	# of Employees	Avg. # of Ees Sup	50th Percentile	Co Wtd Avg Pay	Employee Wtd Avg Pay	Average Salary Range		
							Min	Mid	Max
All	34	36	3	\$45,640	\$51,182	\$50,450	\$51,241	\$63,465	\$75,360
Board Operated	27	29	3	\$45,000	\$49,450	\$48,660	\$51,305	\$63,510	\$77,380
City/County	4	4	*	*	*	*	*	*	*
Private	0	0	*	*	*	*	*	*	*
Other	3	3	*	*	*	*	*	*	*

Summary of All Reported Data by Population Size

Scope	# of Utilities	# of Employees	Avg. # of Ees Sup	50th Percentile	Co Wtd Avg Pay	Employee Wtd Avg Pay	Average Salary Range		
							Min	Mid	Max
5,000 - 9,999	19	19	3	\$58,884	\$59,483	\$59,483	\$51,005	\$64,582	\$77,284
< 5,000	15	17	2	\$38,700	\$40,667	\$40,354	*	*	*

Summary of All Reported Data by Total Employment

Scope	# of Utilities	# of Employees	Avg. # of Ees Sup	50th Percentile	Co Wtd Avg Pay	Employee Wtd Avg Pay	Average Salary Range		
							Min	Mid	Max
Over 1,000	0	0	*	*	*	*	*	*	*
500 - 1,000	0	0	*	*	*	*	*	*	*
200 - 500	0	0	*	*	*	*	*	*	*
100 - 200	0	0	*	*	*	*	*	*	*
50 - 100	0	0	*	*	*	*	*	*	*
25 - 50	2	2	*	*	*	*	*	*	*
< 25	32	34	3	\$43,500	\$48,867	\$48,227	\$50,556	\$62,175	\$74,532

IR 18

As a supplemental question to the Company's response to IR 8, please provide a list of all capital improvement plans prepared on behalf of the company since the filing of the Company's last rate case in UW 145. Please also provide a copy of all such plans. If no such plans were prepared during that period of time, please identify the date on which the most recent capital improvement plan was prepared on behalf of the Company and provide a copy of that plan. Identify who prepared any plan provided or listed in this response.

RESPONSE:

The Company's Water System Master Plan, drafted in 2000 by Bruce Erickson with the assistance of Maryanne Hill, included a section on recommended improvements. In July of 2015, Operator Andrew Tagliafico with the assistance of Maryanne Hill and Secretary Lesli Bekins drafted a list entitled Additional Recommended Improvements that supplemented the recommended improvements from 2000. See IR 18 Response Attachment.

Below is the most recent capital improvement project plan and timeline for a line replacement. Not all capital improvements are large, engineered projects requiring a written plan. This line replacement project is relatively small and did not require a written plan. However, the Company still went through the following planning process: 1) the problem was investigated, 2) options for resolution were discussed, 3) cost estimate was received and evaluated, 4) a final resolution was decided upon, and 5) implementation of the resolution. This plan was developed by Secretary Lesli Bekins and Operator Andrew Tagliafico.

LINE REPLACEMENT PLAN/TIMELINE

DATE	ACTIVITY
9/13/2017	Customer complaint re: low volume/pressure
10/31/2017	Company makes repair/identifies further problems including numerous leaks and tree roots
10/31/2017	Solution identified: replace 1940 lines and move the lines away from trees
11/10/2017	Company receives estimate for line replacement
11/10/2017	Company makes decision to replace lines
11/13/2017	Starts snowing, construction halted
ESTIMATED TIMETABLE	
Phase 1 (August 2018)	Cummins - Tap a line on Steel, connect home & old line will be abandoned

IR 09

Please provide all vendor, contractor, developer and any other types of contracts the Company has entered into since May 13, 2014, with the exception of the water operator contract already provided in UW 174.

RESPONSE:

The Company has contracted with the following since May 13, 2014, excluding the water operator contract already provided in UW 174, copies of which will be provided to Staff except as indicated below:

- Legal services contract with Schroeder Law Offices, P.C. (not provided; attorney-client privileged)
- Expert consulting contract with KWillis Consulting (IR 09 Response Attachment A)
- Office space lease with Maryanne Hill (IR 09 Response Attachment B)
- Storage space lease with Lesli Bekins (IR 09 Response Attachment C)

IR 20

As a supplemental question to the Company's response to IR 13, please provide a list of all prospective developer meetings that transpired since the last rate case, UW 145, and identify in your response who represented the Company at each meeting listed.

RESPONSE:

In 2013, the Company met with Mt. Hood Meadows/Matthew Drake to discuss easements for the Company's existing lines to deliver water to Mt. Hood Meadows for a possible development. Maryanne Hill represented the Company. The meeting was also attended by the system's Operator, Mr. Tagliafico, and the Corporate Secretary, Ms. Bekins.

In 2014, Ms. Hill, Ms. Bekins, and Mr. Tagliafico attended a follow up meeting for the same potential project at Clackamas County Planning with representatives of Mt. Hood Meadows, the sanitary district, Clackamas County Planning (Rick McIntire), the United States Forest Service (Lisa Northrup), and the US Department of Agriculture appraiser.