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DEPARTMENT OF JUSTICE
GENERAL COUNSEL DIVISION

December 16, 2005

ALJ Sam Petrillo
550 Capitol St NE Suite 215
PO Box 2148
Salem, OR 97308-2148

RE: UW 110 Joint Brief of Staff and LBWS

Dear ALJ Petrillo,

On December 15, 2005, Staff and LBWS filed their joint brief. Unfortunately, the filed brief contains one minor typographical error. On page 6, line 15, the brief states: "That is \$37 more than the \$6,465 Transportation Expense . . ." Instead, that sentence should state: "That is \$37 more than the \$6,365 Transportation Expense. . ."

Concurrent with this letter, Staff is filing a corrected replacement sheet for page 6. I apologize for any inconvenience. Please feel free to contact me if you have any questions.

Sincerely,

Jason W. Jones
Assistant Attorney General
Regulated Utility & Business Section

JWJ:jwj/GENO7300

1 those duties. Even after an office employee is hired, it is reasonable to expect that Mrs. Hodge
2 will need to travel to the Company's office location for a period of time for purposes of training
3 the employee. Vehicle No. 1 is also used for duties performed by Rebecca Hodge as a corporate
4 officer. LBWS estimated the vehicle is used 5,200 miles per year for Company business. At the
5 current federal reimbursement rate of \$0.485 per mile, LBWS should be allowed \$2,522 for
6 mileage for Vehicle No. 1; however, Staff and the Company stipulated to \$899 for fuel cost for
7 this vehicle.¹

8 Although the Intervenors suggest that Mrs. Hodge will only travel 100 miles per month
9 on Company business, there is no indication how this amount was calculated. If Staff and
10 LBWS agreed to this estimation of mileage and used the federal mileage reimbursement rate of
11 \$.0485 per mile, 1,200 miles per year would result in an annual cost \$582. Although this is a
12 savings for Vehicle No. 1, the cost for Vehicle No. 2 would increase. At 12,000 annual miles,
13 the reimbursement for Vehicle No. 2 would be \$5,820 instead of the stipulated amount of
14 \$2,205. In that case, \$582 mileage reimbursement for Vehicle No. 1 plus \$5,820 mileage
15 reimbursement for Vehicle No. 2 totals \$6,402. That is \$37 more than the \$6,365 Transportation
16 Expense (which includes the Vehicle No. 1 lease expense and maintenance expense for both
17 vehicles) stipulated to by Staff and LBWS. Staff and the Company performed a thorough review
18 of transportation costs using actual known data and this cost is reasonable in context of the
19 overall stipulated rates and should be accepted.

20 CONCLUSION

21 The Commission should approve the Stipulation agreed to by Staff and the Company. A
22 thorough review of expenses was conducted by Staff and agreed to by the Company, using
23 known and measurable costs. The revenue requirement proposed by Staff and LBWS generates
24

25

26 ¹ For 2006, these rates will be lowered by the Internal Revenue Service to \$0.445; however, even using this new
rate, the fuel costs stipulated to by Staff and LBWS are still lower than the mileage reimbursement (\$2,314).

1 **CERTIFICATE OF SERVICE**

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3 I certify that on December 16, 2005, I served the foregoing upon the parties hereto by
4 sending a true, exact and full copy by regular mail, postage prepaid and by electronic mail to:

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Neoma Lane

Neoma Lane
Legal Secretary
Department of Justice
Regulated Utility & Business Section