

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

UW 112

In the Matter of)	
)	
RUNNING Y UTILITY COMPANY)	BENCH REQUEST
)	
Request for a general rate increase in the amount of \$61,976, or 20 percent.)	

On January 17, 2006, Running Y Utility Company (Company) filed an application requesting an increase in total annual revenues from \$309,881 to \$371,857, or a 20 percent increase in revenue requirement. On that same date, Company sent a notice to all of its customers, as required by OAR 860-036-0620, informing them of the rate case filing. The notice stated that Company is asking for a 20 percent increase in total annual revenues, which amounts to \$61,976. Additionally, Company indicated that the increase would change the current average monthly rate for customers from \$34.84 to \$37.77.

On February 15, 2006, amendments were submitted to the application, revising the operating revenues as the initial filing contained estimates for December 2005. The total revenue requirement request of \$371,857 was not changed.

On February 21, 2006, staff (Staff) of the Public Utility Commission of Oregon (Commission) filed a public meeting staff report, which was presented to the Commission on March 7, 2006. In its report, Staff recited the Company's revenue requirement proposal and proposed average monthly bill for residential customers.

On March 31, 2006, Staff and Company held a settlement conference.

On April 19, 2006, Company and Staff filed a stipulation resolving all issues in the docket. Staff also filed testimony in support of the stipulation. In the stipulation, the parties agreed to total annual revenues of \$397,194, which is \$25,337 greater than the amount asked for in the application, resulting in an approximate 27 percent increase in revenue requirement. The resulting average monthly residential rate is \$41.43.

In its testimony, Staff states that Company did not properly estimate the revenue effect of customer growth that occurred during calendar year 2005, which is the test year for the application. Staff testified:

The Company's adjustments in Column D (Company Rev Changes)¹ for residential, commercial, and irrigation customers should have

¹ Column D is found in Staff/101, Sloan/1. The changes are already incorporated in this exhibit – there is not a separate exhibit showing the actual changes made by Staff. Column B is found in the same exhibit.

been placed in Column B (Proposed Adjustments). Staff made those changes and then inserted the Company's revenue increase amounts into Column D. This revision resulted in Company Proposed Revenues of \$397,194. . . Staff/100, Sloan 2

Staff then computes the percentage increase of the revenue requirement to be 8.98.

Staff's changes to Company's filing have created a discrepancy between the revenue requirement and average monthly rates reported in Company's application and noticed to customers, and the amounts presented for approval in the stipulation. Within 10 days of the date of issuance of this bench request, parties are to respond to the following questions:

1. In *Cline Butte Utility Company*, Order No. 02-446, Staff corrected the utility's revenue requirement, resulting in a revenue requirement greater than the initial application. Additionally, the customers received notice of a 24.78 percent revenue requirement increase, rather the actual 41.51 percent. The utility was limited to the percentage increase of its requested revenue requirement unless it amended its application and issued a new notice to its customers. Please address how this case applies, if at all, to the instant case?
2. Does the Commission have authority to approve a rate increase based on total revenues that exceed the total revenues requested in a utility's general rate filing? What is the upper limit, or cap, to be applied to a utility's application before a new notice must be, or should be, sent to customers?
3. Please explain what adjustments were made to "Column B" and "Column D." A worksheet showing the adjustments would be helpful.

Dated this 26th day of April 2006.

Kathryn A. Logan
Administrative Law Judge