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APR 24 2007

Public Utility Commission of Oregon
Administrative Hearing Division

UW119

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P.U.C.

TESTIMONY OF CORINE FRASER

In the Matter of Agate Water's application for an increase in rates.

Q Name, address and occupation?

A My name is Corine Fraser, I reside at 19219 Cherokee Road, Bend, Oregon 97702. I am an intervenor in the increase process. I am a retired widow.

Q Education, background and work experience?

A High School Educated. Bookkeeper at Bank of America and First Security Bank and now retired.

DOCKETED

Q What is the purpose of your testimony?

A To outline my concerns about whether or not a rate increase is justified. I also am concerned about Agate Water Companies accounting practices.

Q Is my testimony supported by documentation?

A Yes, I have reviewed testimony that I have received from other intervenors. In my testimony I may refer to their exhibits by letter or number.

Q What are you concerned about on UW119 application?

A 1. Why was 2005 selected as the test year?

2. Wasn't utility's income for UW119 application suppose to be an average of several year's income?

3. Why then did staff utilities income figure of \$443, 932 as a basis of their stipulation?
4. Referring to Riser's Exhibit B, page 1 and 2 Sales and Receivables Report. Total water sales were approximately \$380,539 after the two missing months were averaged in, while income was reported at \$443,932. This is differential of approximately 17%. Same report shows water sales for 2006 were approximately \$508,729.

So if we add an additional 17% to this figure we come to \$595,212, which is within \$31,245 of the amount that staff has decided that utility requires.

(Reference Staff Document Page 1)

Q Why do you recommend that rate increase be denied ?

A On the basis that water sales were down because of a wet year, an average year should have resulted in a rather large increase in income under the increase granted in UW108.

On the basis that I believe the utility company needs to improve their accounting and reporting practices, also need to look at controlling their expenses.

Q Do you have any further questions?

A Yes, They are listed below:

1. Is ~~owner, Fred Schilling~~ retired?

2. What is C. A. Johnson Enterprises? How are they connected to Agate Water Company? Are owners affiliated with Agate Water Company?
3. IS office space rented from the Johnson's a part of their home or is it a separate building altogether?
4. Why are transportation expenses so high (especially fuel)? Considering this area of service is so small, geographically.

**Fraser Testimony
In
Opposition to UW119**

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APR 24 2005

**Public Utility Commission of Oregon
Administrative Hearings Division**

Exhibit "A"

DOCKETED

DOCKETED

Ken & Conroy

SALES AND RECEIVABLES REPORT

Pt 1

8:06PM
PACHE**

nth	Water	Sewage	Garbage	Late C	Reconn	Adjust	Sales	Total Sales	Total Past Due	Overpay Prepays	Total Receivables
5	12,172.28						(436.92)	11,735.36	4,256.62	(\$7,342.10)	8,649.88
5	12,915.78						(801.65)	12,114.13	2,677.20	(\$6,500.91)	8,290.42
5	12,398.32						61.76	12,460.08	3,255.13	(\$8,380.83)	7,334.38
5	12,632.61						(4.38)	12,628.23	3,049.20	(\$9,036.58)	6,640.85
5	14,079.79						(270.29)	13,809.50	2,729.41	(\$10,425.21)	6,113.70
5	24,210.71						(1,064.30)	23,146.41	2,036.97	(\$14,139.06)	11,044.32
5	30,568.55						(1,053.19)	29,515.36	1,148.97	(\$19,127.60)	11,536.73
5	33,100.84						(642.08)	32,458.76	2,255.33	(\$17,038.12)	17,675.97
5	23,750.36						(782.37)	22,967.99	5,359.62	(\$12,571.01)	15,756.60
5	13,879.88						(522.04)	13,357.84	6,059.00	(\$9,312.55)	10,104.29
5	16,374.17						(160.03)	16,215.14	5,606.15	(\$10,037.71)	11,783.58
6	16,364.07						(319.08)	16,044.99	6,724.90	(\$10,387.67)	12,382.22
6	16,342.63						(320.97)	16,021.66	7,892.45	(\$8,007.75)	15,906.36
6	16,310.54						(5.28)	16,305.26	4,657.06	(\$10,673.62)	10,288.70
6	21,535.39						(5,420.99)	16,114.40	6,947.19	(\$8,333.15)	14,728.44
6	16,834.43						(11,143.93)	15,690.50	6,698.82	(\$10,939.51)	11,449.81
6	22,327.70						(286.67)	22,041.03	4,683.60	(\$13,054.15)	14,570.48
6	24,076.54						(354.53)	23,722.01	4,293.23	(\$13,828.26)	13,986.98
6	36,035.45						166.17	36,201.62	5,065.30	(\$22,490.89)	18,776.03
6	38,838.33						(365.47)	38,472.86	8,339.40	(\$17,815.20)	28,997.06
6	28,307.31						(941.63)	27,365.68	5,781.12	(\$14,511.66)	18,635.14
6	19,205.97						(158.66)	19,047.31	10,764.06	(\$11,843.37)	17,968.00
6	24,234.97						(12.33)	24,222.64	11,383.83	(\$14,913.24)	20,693.23
17	23,697.03						399.65	24,096.68	15,215.02	(\$14,018.10)	25,293.60
17	23,780.49						(252.11)	23,528.38	22,614.89	(\$10,505.72)	35,637.55

25 Month Totals

Total Water \$534,975.14
 Total Adjust (\$14,991.32)
 \$519,983.82

Monthly Averages

\$21,399.01
 (\$599.65)
 \$20,799.36

unified By: System for 01-05 to 02-07
~~pache Waters Company~~

Average Water Average Adjust
 3005 312.06482

02-11
 3006 - 277,949,96 ÷ 12
 23,662,50 monthly

No Hunch

good

good

3001

Rev & Lense PR2

SALES AND RECEIVABLES REPORT

DATE**	Water	Sewage	Garbage	Late C	Reconn	Adjust	Sales	Total Sales	Total Past Due	Overpay Prepays	Total Receivables
	11,462.38					(152.06)	11,310.32	6,300.82	(\$6,599.93)	11,011.21	
	11,342.83					(696.79)	10,646.04	5,477.08	(\$5,735.60)	10,387.52	
						180.00	180.00	9,985.62	(\$880.57)	9,285.05	
						95.43	11,793.52	4,969.30	(\$6,952.56)	9,810.26	
	11,698.09					(367.92)	11,104.51	4,918.04	(\$7,640.04)	8,382.51	
	12,600.06					(2,546.58)	10,053.48	5,054.80	(\$8,764.55)	6,343.73	
	23,506.73					(476.84)	23,029.89	1,430.30	(\$14,603.04)	9,857.15	
	25,997.48					(276.87)	25,720.61	2,620.88	(\$15,008.45)	13,333.04	
	19,682.93					(369.01)	19,313.92	3,595.51	(\$11,173.10)	11,736.33	
	12,636.94					(560.75)	12,076.19	4,668.80	(\$9,566.43)	7,178.56	
	15,947.55					49.11	15,996.66	4,904.49	(\$10,936.47)	9,964.68	
	15,950.96					(240.43)	15,710.53	5,707.81	(\$11,564.15)	9,854.19	
	15,941.88					(163.97)	15,777.91	7,205.83	(\$8,617.94)	14,365.80	
	15,952.77					(206.05)	15,746.72	4,268.19	(\$10,391.58)	9,623.33	
	18,037.38					(3,066.06)	14,971.32	6,276.61	(\$8,102.26)	13,145.67	
	16,288.37					(398.14)	15,890.23	6,412.03	(\$11,634.46)	10,667.80	
	20,984.52					(171.41)	20,813.11	5,349.21	(\$12,433.26)	13,729.06	
	22,989.64					(136.73)	22,852.91	5,248.69	(\$13,076.75)	15,024.85	
	27,700.38					105.88	27,806.26	7,115.23	(\$17,434.08)	17,487.41	
	30,755.53					34.98	30,790.51	7,882.70	(\$15,436.45)	23,236.76	
	21,589.57					(184.09)	21,405.48	6,693.97	(\$13,848.39)	14,251.06	
	17,885.49					(210.41)	17,675.08	5,837.87	(\$11,147.83)	12,365.12	
	17,628.75					(289.45)	17,339.30	5,783.60	(\$13,387.13)	9,735.77	
	17,461.31					(105.91)	17,355.40	4,666.94	(\$14,629.10)	7,393.24	
	17,338.38					(37.81)	17,300.57	5,830.06	(\$10,990.44)	12,140.19	

25 Month Totals

\$432,852.35
(\$10,191.88)
\$422,660.47

Average Water Adjust

Monthly Averages

\$17,314.09
(\$407.68)
\$16,906.41

Validated By: System for 01-05 to 02-07

Apache Water Company

Handwritten notes:
 336779.34
 19731.61
 Peter Administrative
 2/21

Rate Application UW 119
Test Year: 2005

45.88%

10.28%

UW 108 564,710
UW 119 626,458
% Above UW108 10.9%
CPI 9.3%

Acct. No.	REVENUES	A	B	C	D	E	F	G	
		Balance Per Application Test Year: 2005	Proposed Company Adjustments	Adjusted Results (A+B=C)	Interest Expense Tax Affect	Proposed Staff Adjustments	Adjusted Results (A+D=E)	Staff Proposed Rev Changes	Proposed Results (E+F=G)
1	461.1 Residential Water Sales	443,932	202,600	646,732		81,334	525,266	101,191	626,457
2	461.2 Commercial Water Sales			0		0	0	0	0
3	462.1 Public Fire Protection			0		0	0	0	0
4	462.2 Private Fire Protection			0		0	0	0	0
5	471 Misc. Revenues			0		0	0	0	0
6	Special Contracts			0		0	0	0	0
7	TOTAL REVENUE	443,932	202,600	646,732		81,334	525,266	101,191	626,457
8				646,732			525,266	101,191	626,457
9	OPERATING EXPENSES								
10	601 Salaries and Wages - Employees	176,991	3,579	182,570		3,871	182,862		182,862
11	603 Salaries and Wages - Officers	57,250		57,250		(1,450)	55,800		55,800
12	604 Employee Pension & Benefits	19,464		19,464		0	19,464		19,464
13	610 Purchased Water	0		0		0	0		0
14	611 Telephone/Communications	4,591		4,591		(251)	4,340		4,340
15	615 Purchased Power	41,363	2,068	43,431		9,799	51,162		51,162
16	618 Chemical / Treatment Expense	0		0		0	0		0
17	619 Office Supplies	1,357	24	1,381		36	1,393		1,393
18	619.1 Postage	7,028	380	7,408		(1,080)	5,948		5,948
19	620 Materials/Supplies	3,089		3,089		4,369	7,458		7,458
20	621 Repairs to Water Plant	696		696		968	1,664		1,664
21	631 Contract Svcs - Engineering	0		0		0	0		0
22	632 Contract Svcs - Accounting	1,000		1,000		(150)	850		850
23	633 Contract Svcs - Legal	88	1,000	1,088		657	745		745
24	634 Contract Svcs - Management Fees	0		0		0	0		0
25	635 Contract Svcs - Testing	7,300	8,225	15,525		(2,300)	5,000		5,000
26	636 Contract Svcs - Labor	3,793		3,793		403	4,196		4,196
27	637 Contract Svcs - Billing/Collection	0		0		0	0		0
28	638 Contract Svcs - Meter Reading	0		0		0	0		0
29	639 Contract Svcs - Other (Repairs)	0		0		0	0		0
30	641 Rental of Building/Real Property	15,600		15,600		0	15,600		15,600
31	642 Rental of Equipment	0		0		0	0		0
32	643 Small Tools	334		334		83	417		417
33	648 Computer/Electronic Expenses	746		746		(17)	729		729
34	650 Transportation	14,204		14,204		2,924	17,128		17,128
35	656 Vehicle Insurance	3,342		3,342		(1,262)	2,080		2,080
36	657 General Liability Insurance	2,204		2,204		984	3,188		3,188
37	658 Workers' Comp Insurance	4,347	217	4,564		(505)	3,842		3,842
38	659 Insurance - Other	0		0		0	0		0
39	660 Public Relations/Advertising	0		0		0	0		0
40	666 Amortz. of Rate Case	200		200		(200)	0		0
41	667 Gross Revenue Fee (PUC)	1,110	507	1,617		203	1,313	252	1,565
42	668 Water Resource Conservation	0		0		0	0		0
43	670 Bad Debt Expense	0		0		2,189	2,189		2,189
44	671 Cross Connection Control Program	0		0		0	0		0
45	672 System Capacity Dev Program	0		0		0	0		0
46	673 Training and Certification	1,755		1,755		(475)	1,280		1,280
47	674 Consumer Confidence Report	200		200		0	200		200
48	675 General Expense	3,991		3,991		(1,671)	2,320		2,320
48a	675	0		0		0	0		0
49	TOTAL OPERATING EXPENSE	374,043	16,000	390,043		17,125	391,167	252	391,420
				390,043			391,167		391,420
	OTHER REVENUE DEDUCTIONS								
50	403 Depreciation Expense	53,844		53,844		78,811	132,655		132,655
51	407 Amortization Expense			0		0	0		0
52	408.11 Property Tax	14,427		14,427		35,514	49,941		49,941
53	408.12 Payroll Tax	10,818		10,818		7,228	18,046		18,046
54	408.13 Other	0		0		0	0		0
55	409.10 Oregon Income Tax	10	10,071	10,081	(2,176)	(3,618)	(5,784)	6,662	878
56	409.10 Federal Income Tax	0	21,378	21,378	(4,620)	(7,679)	(12,299)	14,142	1,843
57	TOTAL REVENUE DEDUCTIONS	453,142	47,449	500,591	(6,796)	127,381	573,726	21,056	594,782
58	NET OPERATING INCOME	(9,210)	155,351	146,141	6,796	(46,047)	(48,460)	80,136	31,675
				500,591		127,381	(48,460)		31,675
59	101 Utility Plant in Service	3,485,597		3,485,597		286,170	3,751,767		3,751,767
60	Less:								
61	108.1 Depreciation Reserve	96,053		96,053		270,799	366,852		366,852
62	271 Contributions in Aid of Const	0		0		250,000	250,000		250,000
63	272 Amortization of CIAC	0		0		0	0		0
64	281 Accumulated Deferred Income Tax	0		0		0	0		0
65	Net Utility Plant	3,389,544	0	3,389,544		(254,629)	3,134,915	0	3,134,915
66	Plus: (working capital)			3,389,544			3,134,915		3,134,915
67	151 Materials and Supplies Inventory	0		0		20,034	20,034		20,034
68	Working Cash (Total Op Exp /12)	31,170		31,170		1,427	32,597	21	32,618
69	TOTAL RATE BASE	3,420,714	0	3,420,714		(253,202)	3,167,512	21	3,167,533
70	Rate of Return	-0.27%		4.27%			-1.53%		1.00%

\$100,881
man input j col

594,782
31,675

Certificate of Service

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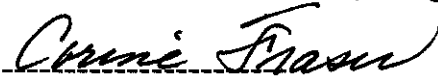
APR 24 2005

**Public Utility Commission of Oregon
Administrative Hearings Division**

UW119

I certify that this day served the foregoing document upon all parties of record in this proceeding by delivering a copy in person or by mailing a copy properly addressed with first class postage prepaid, or by electronic mail pursuant to OAR 860-13-0070, to the following parties or attorneys of parties.

Dated at Bend, Oregon, this 23rd day of April, 2007



Corine Fraser
19219 Cherokee Rd.
Bend, OR 97702

UW 119
(Service List ---Parties)

David Anderson
19780 Foster Lane
Bend, OR 97702

Tim Kelley
60258 Winnebago Lane
Bend, OR 97702

Stephanie Michelsen
19420 Indian Summer Road
Bend, OR 97702

Lawrence Riser
60251 Winnebago Lane
Bend, OR 97702

Timothy A. Rogers
60194 Cinder Butte Road
Bend, OR 97702

David N. Westoby
19244 Baker Road
Bend, Or 97702

Agate Water Company % Fred and Beth Schilling
60107 Minnetonka Lane
Bend, OR 97702

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Regulated Utilities & Business Section
1162 Court St. S.E.
Salem, OR 97301-4096

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Salem, OR 97301-2551

Law Judge Honorable Allen Scott
Administrative Hearings Divisions Public Utilities Commission
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