



Oregon

Theodore R. Kulongoski, Governor

Public Utility Commission

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March 24, 2008

OREGON PUBLIC UTILITY COMMISSION
ATTENTION: FILING CENTER
PO BOX 2148
SALEM OR 97308-2148

**RE: Docket No. UW 123 - In the Matter of FISH MILL LODGES WATER SYSTEM
Request for a General Rate Increase.**

Enclosed for electronic filing in the above-captioned docket is Staff's Rebuttal
Testimony in Docket UW 123.

/s/ Kay Barnes

Kay Barnes

Regulatory Operations Division

Filing on Behalf of Public Utility Commission Staff

(503) 378-5763

Email: Kay.Barnes@state.or.us

c: UW 123 Service List (parties)

**PUBLIC UTILITY COMMISSION
OF OREGON**

UW 123

STAFF REBUTTAL TESTIMONY

OF

KATHY MILLER

**In the Matter of
FISH MILL LODGES WATER SYSTEM
Request for a General Rate Increase**

March 24, 2008

CASE: UW 123
WITNESS: K. Miller

**PUBLIC UTILITY COMMISSION
OF
OREGON**

STAFF EXHIBIT 200

REBUTTAL TESTIMONY

March 24, 2008

1 **Q. PLEASE STATE YOUR NAME, OCCUPATION, AND BUSINESS**
2 **ADDRESS.**

3 A. My name is Kathy Miller. I am a Senior Utility Analyst for the Public Utility
4 Commission of Oregon (PUC). My business address is 550 Capitol Street NE
5 Suite 215, Salem, Oregon 97301-2551.

6 **Q. PLEASE DESCRIBE YOUR EXPERIENCE IN WATER REGULATION.**

7 A. I have been with the PUC since 1987 and have participated in water utility
8 dockets involving rate filings, finance applications, property dispositions,
9 exclusive service territory, adequacy of service, water and wastewater
10 rulemakings, formal complaints, and affiliated interest matters.

11 **Q. WHAT IS THE PURPOSE OF STAFF TESTIMONY?**

12 A. The purpose of my testimony is to respond to the written comments submitted
13 by Judy Bedsole, owner of Fish Mill Lodges Water System (Fish Mill or
14 Company), at the Evidentiary Hearing held on March 14, 2008, in Florence,
15 Oregon.

16 **Q. DID YOU PREPARE AN EXHIBIT FOR THIS DOCKET?**

17 A. Yes. Staff prepared Exhibit Staff/201, consisting of 4 pages.

18 **Q. HOW IS STAFF'S TESTIMONY ORGANIZED?**

19 A. In this testimony, Staff will address each issue contained in the Company's
20 written comments provided at the Evidentiary Hearing. Staff identified seven
21 issues presented by the Company. In addition to the seven issues identified by
22 Staff, the Company also attached the Company's Detailed Statement of Legal
23 Services Invoices.

1 **Q. PLEASE RESPOND TO ITEM NO. 1: FISH MILL ASSERTS THAT THE**
2 **SITUATION WITH MR. GUNN, REFERRED TO IN STAFF'S DIRECT**
3 **TESTIMONY, WAS A CASE OF INTERFERENCE WITH A PUBLIC**
4 **UTILITY, NOT A PROPERTY DISPUTE OR CIVIL ISSUE.**

5 A. The situation referred to in Staff/100, Miller/2, lines 16-21, was a controversy
6 originating from alleged violations of Fish Mill's easement by Mr. Gunn. It was
7 a property easement dispute which Staff referred to as a "Property Dispute." In
8 Docket ADR 3, the original complaint is listed as "Fish Mill Lodges Water
9 System, Mr. Gunn, Mr. Bolla, And Dunes City Have Agreed To Mediation To
10 Resolve Dispute Over Alleged Violation Of Water Company's Easement By Mr.
11 Gunn And Mr. Gunn's Alleged Violation Of Stop Order Issued By Dunes City."
12 Staff's direct testimony correctly characterizes this as a property dispute.

13 **Q. PLEASE RESPOND TO ISSUE NO. 2: FISH MILL CONTENDS THAT STAFF**
14 **ERRED IN ITS TESTIMONY BY STATING THAT THE APPLICATION FOR**
15 **EXCLUSIVE TERRITORY REDUCED THE NUMBER OF CUSTOMERS**
16 **FROM 16 TO 3, AND THAT THE APPLICATION FOR TERRITORY**
17 **ALLOCATION WAS MANDATED.**

18 A. The Company is correct that at that time all water companies were mandated
19 by state law to file for exclusive service territory allocations. Staff's direct
20 testimony correctly stated that the water system's original number of customers
21 was 16. Staff did not indicate how many customers were being served at the
22 time the Company filed for its service territory. The approved service territory
23 included three residential customers.

**Q. PLEASE RESPOND TO ISSUE NO. 3: FISH MILL STATES THAT STAFF'S
ADJUSTMENT OF AMORTIZING THE COMPANY'S CONTRACT LABOR
EXPENSE AFFECTS ITS ABILITY TO PROCEED WITH SYSTEM
IMPROVEMENTS.**

A. Staff's adjustment to the Company's Contract Labor expense is explained in Staff's testimony, Staff/100, Miller/11, lines 1-8. Staff identified \$3,111 in Contract Labor Expense from the documentation provided by the Company. The associated invoices provided by the Company are shown below:

TABLE 1 – INTEGRITY PLUMBING INVOICES

Integrity Plumbing	1/18/2006	\$101.00	(\$101.00)	Put in Plant	\$0.00	ck2750; PPMA 171
Integrity Plumbing	1/19/2006	\$850.00	(\$850.00)	Put in Plant	\$0.00	Mastercard
Integrity Plumbing	9/29/2006	\$100.00		Misc parts	\$100.00	Invoice 101676
Integrity Plumbing	9/29/2006	\$60.00	(\$60.00)	Small Tools	\$0.00	Invoice 101676
Integrity Plumbing	9/29/2006	\$89.00	(\$89.00)	move to labor	\$0.00	Invoice 101676
Integrity Plumbing	9/29/2006	\$3,022.00	(\$3,022.00)	move to labor	\$0.00	Invoice 101676

Staff moved the cost of the pump, pressure switch, and partial labor, \$101 and \$850, to Pumping Equipment in Plant. Staff moved the \$100 in miscellaneous parts to Repairs and Maintenance Expense. Staff moved the \$60 for the chain ladder to Small Tools in Plant. The labor charges of \$3,022 and \$89 (or \$3,111) Staff moved to Contract Labor Expense because according to Integrity Plumbing (who provided the labor), the majority of this labor was clearing away the brush to obtain access to the water facilities. Staff appropriately accounted for clearing brush as a maintenance expense.

Staff amortized the \$3,111 Contract Labor Expense so the Company could recover the cost over three years. To provide for continued maintenance of

1 access to the water facilities and to remove any future high cost deferred
2 maintenance of this type, Staff included an annual \$780 in Repairs and
3 Maintenance Expense for weekly routine maintenance, explained in Staff's
4 direct testimony, Footnote 1, Staff/100, Miller/10.

5 The Company states that if Staff did not amortize the Contract Labor
6 Expenses, Fish Mill would receive revenues to facilitate system improvements
7 in a more timely manner. However, it is reasonable for the Company to recover
8 the cost of its contract labor over time. With the inclusion of an annual
9 maintenance expense that includes clearing brush, this high cost is and should
10 be a nonrecurring cost. Staff will discuss nonrecurring costs later in this
11 testimony.

12 **Q. PLEASE RESPOND TO ISSUE NO. 4: FISH MILL STATES THAT IT IS**
13 **PREPARED TO SUBMIT A MORE DETAILED STATEMENT OF LEGAL**
14 **COSTS.**

15 A. Staff requested Legal Expense detailed documentation three times; see
16 Staff/100, Miller/13, lines 11-22; Staff/100, Miller/14, lines 1-3; and Staff/101,
17 Miller/9-16. The Detailed Statement of Legal Services Invoices submitted by
18 Fish Mill at the Evidentiary Hearing, is by Ms. Bedsole's own admission, from
19 her own knowledge, and is not actual detail provided by an attorney. In
20 addition, Ms. Bedsole states in her document that the underlying purpose for
21 William Carpenter Jr. (Attorney) invoices on 4/29/06, 5/23/06, 5/26/06, 6/1/06,
22 6/8/06, 6/9/06, 6/27/06, 7/1/06; and invoices from Speer, Hoyt, Jones, Feinman,
23 Poppe, Wolf & Griffith PC Atty., dated 10/12/06, 10/18/06, 10/19/06, 10/23/06,

1 10/26/06 are all related to access to the system easement denied by a private
2 party. Ms. Bedsole identifies the private party as Mr. Gunn. This easement
3 dispute could have been resolved 10 years ago and the charges are by nature
4 nonrecurring. See Staff's direct testimony: Staff/100, Miller/2, lines 17-21;
5 Staff/100, Miller/3, lines 9-15.

6 The Company also claims, according to Ms. Bedsole's written Detailed
7 Statement of Legal Services Invoices, rate case legal expense from Speer,
8 Hoyt, Jones, Feinman, Poppe, Wolf & Griffith PC Atty.'s on 7/7/06, 8/10/06,
9 8/11/06, 8/18/06, and 8/22/06. I calculated the total of legal fees from the
10 above mentioned attorney firm on those specific dates to be \$969. However,
11 the firm's invoices for the dates mentioned above make no reference to the
12 PUC or a rate case. Further, the same attorney firm's invoices on other dates
13 reference maps and correspondence with William Carpenter Jr. (the Attorney
14 previously named who is associated with the easement issue). The only
15 invoices referencing the PUC or rate calculations total \$546. Staff, in its review
16 of all the legal fees, identified \$778.20 in rate case expense, which Staff
17 amortized over three years.

18 **Q. PLEASE RESPOND TO ISSUE NO. 5: FISH MILL STATES THAT ALL**
19 **LEGAL EXPENSES WERE PRUDENT AND RELEVANT EITHER TO DEAL**
20 **WITH INTERFERENCE OF WATER SYSTEM MAINTENANCE AND REPAIR**
21 **OR COUNSEL AND ASSISTANCE IN PREPARING FOR PUC UW 123.**

22 A. I maintain that the expenses related to the easement dispute could have been
23 resolved 10 years ago and are nonrecurring. The Company's response to Staff

1 Data Request No. 17 regarding the underlying purpose of the legal service, the
2 parties involved, and its relation to the water system, states:

3 Mr. Carpenter-obtained a writ of assistance for FMLWS (Fish
4 Mill Lodges Water System) to access water line easement on
5 Mr. Gunns [sic] property to inspect for leaks, we had positive
6 results for coliform in water samples and was trying to find the
7 cause. He researched legal recourses available to prevent
8 further situations for inspection/maintenance of the distribution
9 line.

10 Again, the documentation references the property easement dispute with
11 Mr. Gunn, which could have been resolved 10 years ago and the expense is
12 nonrecurring.

13 **Q. THE COMPANY MAINTAINS THAT IF THE LEGAL EXPENSES WERE NOT**
14 **AMORTIZED, THEN IT WOULD BE ABLE TO USE THOSE FUNDS TO**
15 **MAKE SYSTEM IMPROVEMENTS.**

16 A. I disagree with the Company and I maintain that 25 percent of the legal fees
17 should be disallowed and the remaining legal fees should be amortized over
18 three years.

19 In response to Staff's Data Request No. 4, dated October 5, 2007, Staff
20 requested documentation supporting all 2006 legal fees and any legal expense
21 incurred by the water system from January 2007 through September 2007.
22 Fish Mill's response, dated October 17, 2007, attached all legal receipts. No

1 receipts were provided for January through September 2007, further
2 substantiating that these costs are nonrecurring.

3 Unusual expenses due to litigation that are nonrecurring are either
4 normalized or amortized, depending on the nature of the expense and the
5 judgment of the analyst. A normalization adjustment simply removes the
6 nonrecurring expense thereby establishing a "normal" level of operating costs
7 for rate making in the test period. An amortization adjustment allows the
8 expense but spreads it over a number of years so that the test period includes
9 only a portion of the expense.

10 Alternatively, the Company could have at any time placed flow meters at
11 line locations before and after Mr. Gunn's property. By strategically placing
12 flow meters, the Company could have definitively determined if leakage was
13 actually occurring under Mr. Gunn's property. If leakage was occurring under
14 Mr. Gunn's property, the Company could have more persuasively demonstrated
15 that access was necessary and perhaps reducing the need for extensive legal
16 expenses.

17 **Q. PLEASE RESPOND TO ISSUE NO. 6: FISH MILL STATES THAT RV**
18 **SPACE #8 WAS NOT OCCUPIED; THEREFORE, STAFF NEEDS TO**
19 **RECALCULATE ITS RECOMMENDED OCCUPANCY ALLOCATION.**

20 A. Staff made its determination of estimated usage for RV Space #8 based on the
21 Company's response to Staff's clarifying questions regarding the Lodge's
22 occupancy, dated December 5, 2007. Fish Mill's response received
23 December 5, 2007 stated, "We also rent space #8 year round to a couple from

1 Bakersfield [sic] CA, they were here 2 weeks this year.” A copy of the document
2 is attached as Staff/201, Miller/1.

3 Also, as stated in Staff’s direct testimony, it is reasonable to charge a
4 whole year’s worth of estimated water to the rented RV space because one of
5 the residential customers does not occupy their home. The residential couple
6 now lives in a care facility in Florence, but continues to pay their water bill. In
7 calculating the allocation to residential customers, Staff used a full year’s
8 estimated use.

9 **Q. PLEASE RESPOND TO ISSUE NO. 7: FISH MILL CONTENDS THAT AN**
10 **ESTIMATED 100 GALLON PER PERSON PER DAY WATER USAGE IS TOO**
11 **HIGH. STAFF NEEDS TO ADJUST THE RATE TO USE HOTEL ESTIMATED**
12 **WATER USE NOT RESIDENTIAL.**

13 A. I researched hotel/motel estimated water usage and recalculated the
14 occupancy rates. Based on my research, I could support the Company’s
15 proposed allocations of 42.66 percent for residential customers and 57.34
16 percent for the commercial customer. The allocation change would result in the
17 following revised rates:

18 TABLE 2 – STAFF’S REVISED RECOMMENDED RATES

MONTHLY RATES	Residential Customers	The Lodge Customer
Rates at Company Filing	\$24.00	\$24.00
Interim Rates Approved by Commission	\$48.00	\$48.00
Staff’s Direct Testimony Recommended Rates	\$49.27	\$231.00
Staff’s Rebuttal Testimony Revised Recommended Rates	\$53.87	\$217.22

1 I did not attach a revenue requirement page as an exhibit since the amount
2 of revenue recommended in my direct testimony has not changed. Only the
3 allocations to the residential and commercial customers have changed. My
4 revised recommended rates are shown in Staff/201, Miller/2.

5 **Q. DOES STAFF HAVE AN ALTERNATE RECOMMENDATION?**

6 A. Yes. I have developed another alternative for Commission consideration. In
7 this scenario, I calculated a revenue requirement that uses a two-year
8 amortization period instead of a standard three-year amortization for the
9 following items:

- 10 1) Rate Case Amortization Expense;
11 2) Repeat Water Tests;
12 3) Legal Expense; and
13 4) Contract Labor Expense.

14 Changing the amortization from 3 years to 2 years results in a residential
15 monthly rate of \$67.61 (a 182 percent increase in residential customer rates
16 since the Company filed its case with residential rates of \$24, prior to the
17 interim \$48 rate) and a commercial monthly rate of \$272.63. The change to the
18 revenue requirement increases annual revenue from \$4,546 in Staff's
19 recommended revenue requirement to a revenue requirement of \$5,706, a
20 \$1,160 increase in annual revenue. The revenue requirement at a 2-year
21 amortization and resulting rates are attached as Staff/201, Miller/3-4.

22 I believe that if the Commission accepts a 2-year amortization of expenses
23 revenue requirement, the Commission should direct the Company to complete,

1 within one year, some of the repairs recommended by the Drinking Water
2 Program and included in the Oregon Water Service (OWS) bid submitted to
3 Staff (see Staff/100, Miller/8), as highlighted in the table below:

4 TABLE 3 – RECOMMENDED REPAIRS TO FISH MILL SYSTEM

TASK	COST
1. Seal the spring collection box watertight.	180
2. Install a screen on the storage tank vent.	180
3. Install a lock on the spring collection box hatch.	83
4. Install a lock on the storage tank hatch.	83
5. Install a bottom drain and shutoff valve on the spring collection box.	280
6. Clean the interior and exterior of the storage tank.	260
7. Install a master meter at the spring.	283
8.* Install a meter prior to Gunn's property.	125
9.* Install a meter after Gunn's property.	125
TOTAL	1599

5 * Items not included in OWS bid. The Cost is based on the Lodge meter estimate.

6
7
8 The above repairs would result in increased system integrity and protection
9 of the water source. Under any rate scenario ordered by the Commission, Fish
10 Mill should proceed with these important repairs and modifications to its
11 system.

12 **Q. DOES THIS CONCLUDE YOUR REBUTTAL TESTIMONY?**

13 A. Yes.

14

CASE: UW 123
WITNESS: K. Miller

**PUBLIC UTILITY COMMISSION
OF
OREGON**

STAFF EXHIBIT 201

**EXHIBITS
IN
SUPPORT OF REBUTTAL TESTIMONY**

March 24, 2008

Staff/201
Miller/1

MILLER Kathy

From: Judy Bedsole [fishmill1@charter.net]
 Sent: Wednesday, December 05, 2007 7:42 PM
 To: MILLER Kathy
 Subject: Re: 2nd Request for information from Fish Mill Lodges Water System

----- Original Message -----

From: MILLER Kathy
 To: Judy Bedsole
 Cc: DOUGHERTY Michael
 Sent: Wednesday, December 05, 2007 5:02 PM
 Subject: FW: 2nd Request for information from Fish Mill Lodges Water System

Judy,

I'm sorry you are having trouble with your computer. **Me too.**

Below, under your email, is the one I sent this morning to you. I called later today and left a message asking you to return my call. *Sorry, something was lost in the translation.*

I'm thinking I may not need the 2005 and 2007 registration cards if you can answer some questions to my satisfaction.

If I understand what Mike Dougherty told me after talking to you, the registration cards which you sent were for the rooms and cabins; but the RV spaces occupancy was provided in the application. What I found was the occupancy figures for 4 RV spaces, #s

1, 3, 4, and 6. We also rent space #8 year round to a couple from Bakersfield CA, they were here 2 weeks this year.

What about the other 7 (6)RV spaces? *Not much action there they were not rented in 2006, we have no pull through sites, no playground, no open fires for camping, we are about 1/4 mile off of Hwy 101 down a narrow twisted road t's difficult for pulling trailers.* Also you list a shop on the property. Does this shop have water service? What is the shop used for? I also noticed some references to a fish house/room in some of my review. What is the fish house, does it have water service, what is it used for? The shop, storage room, garage (what ever you want to call it) and the fish cleaning room are all under one roof. We store tools, supplies, junk in the shop, it does have a toilet and sink for washing hands. The fish cleaning room is were guest clean their fish so they don't clean them in the rooms or cabins, it does have water. There is the manager's house and another residence on the Fish Mill Lodges property. Does the 2nd house get its water service from the Fish Mill spring or some other source? There is only 1 residence on Fish Mill Property, the manager's house.

As for the insurance papers, what I am specifically looking for is the insurance declarations. This is where the documents itemize and describes the individual pieces property covered, the coverage amount, the annual insurance cost to cover that piece of property, and the total annual cost for all coverage. I do not need the standard narrative that accompanies insurance policies.

That will make it a lot easier, most of the pages say what they do not cover anyway. This should cut down the stack of insurance policies to a reasonable amount of paper to be copied. Will do. I will be in Klamath Falls tomorrow and won't be back in the office until Monday. OK, have a good time. I will try to send the rest of the information you requested by Friday. I hope these question have been answered to your satisfaction.

Judy Bedsole

Kathy Miller
 Sr Utility Analyst
 Water Program
 503-373-1003
 kathy.miller@state.or.us



12/6/2007

FISH MILL LODGES WATER SYSTEM					
Test Year: 2006					
RESIDENTIAL RATE DESIGN					
Proposed Revenues of:				\$4,546	
Allocation					
Residential	Proposed Rev				
42.66%	\$4,546	=	\$1,939		
Commercial	Proposed Rev				
57.34%	\$4,546	=	\$2,607		
			\$4,546		
BASE RATE					
	Number of	Current	Proposed	Total Annual	Revenue at
	Customers	Monthly	Monthly	Revenues	Current Rates
		Flat Rate	Flat Rate		
Residential*					
	3	\$24.00	\$53.87	\$1,939	\$864
Subtotal	3				
Commercial*					
	1	\$24.00	\$217.22	\$2,607	\$288
Subtotal	1				
TOTAL CUSTOMERS	4			\$4,546	\$1,152

FISH MILL LODGES WATER SYSTEM
UW 123
Test Year: 2006

Company Case
 403.4%

Staff
 395.3%

Staff/201
Miller/3

A B C D E F G H J K
 42.66% 57.34%

Acct. No.	REVENUES	Balance Per Application Test Year: 2006	Proposed Company Adjustments	Co Allocation to Residential 42.66	Co Allocation to Commercial 57.34 Percent	Adjusted Results (A+B=C)	Proposed Staff Adjustments	Adjusted Results (A+F=G)	Staff Proposed Rev Changes	Proposed Results (G+H+I)	Staff Allocation to Residential	Staff Allocation to Commercial
1	461.1 Residential Water Sales	864	3,485	1,487	1,998	4,349	0	864	3,440	4,304	2,434	0
2	461.2 Commercial Water Sales					0	288	288	1,147	1,435	0	3,272
3	465 Irrigation - Non GC					0	0	0	0	0	0	0
4	462 Irrigation - GC					0	0	0	0	0	0	0
5	471 Misc. Revenues					0	0	0	0	0	0	0
6	Special Contracts					0	0	0	0	0	0	0
7	TOTAL REVENUE	864	3,485	1,487	1,998	4,349	288	1,152	4,588	5,706	2,434	3,272
8					3,485	4,349	288	1,152		5,739		
9	OPERATING EXPENSES											
10	601 Salaries and Wages - Employees					0	0	0		0	0	0
11	603 Salaries and Wages - Officers					0	0	0		0	0	0
12	604 Employee Pension & Benefits					0	0	0		0	0	0
13	610 Purchased Water					0	0	0		0	0	0
14	611 Telephone/Communications					0	0	0		0	0	0
15	615 Purchased Power	268		114	154	268	2	270		270	115	155
16	618 Chemical / Treatment Expense	70		30	40	70	0	70		70	30	40
17	619 Office Supplies					0	0	0		0	0	0
18	619.1 Postage	18		8	10	18	2	20		20	9	11
19	620 O&M Materials/Supplies					0	114	114		114	49	65
20	621 Repairs to Water Plant	521		222	299	521	494	1,015		1,015	433	582
21	631 Contract Svcs - Engineering					0	0	0		0	0	0
22	632 Contract Svcs - Accounting					0	0	0		0	0	0
23	633 Contract Svcs - Legal	3,508		1,497	2,011	3,508	(2,193)	1,316		1,316	561	754
24	634 Contract Svcs - Management Fees					0	0	0		0	0	0
25	635 Contract Svcs - Testing	674		288	386	674	(412)	263		263	112	151
26	636 Contract Svcs - Labor	4,512		1,925	2,587	4,512	(2,957)	1,556		1,556	664	892
27	637 Contract Svcs - Billing/Collection					0	0	0		0	0	0
28	638 Contract Svcs - Meter Reading					0	0	0		0	0	0
29	639 Contract Svcs - Other					0	0	0		0	0	0
30	641 Rental of Building/Real Property					0	0	0		0	0	0
31	642 Rental of Equipment					0	0	0		0	0	0
32	643 Small Tools	133		57	76	133	(73)	60		60	26	34
33	648 Computer/Electronic Expenses					0	0	0		0	0	0
34	650 Transportation					0	0	0		0	0	0
35	656 Vehicle Insurance					0	0	0		0	0	0
36	657 General Liability Insurance	368		157	211	368	(335)	32		32	14	18
37	658 Workers' Comp Insurance					0	0	0		0	0	0
38	659 Insurance - Other					0	0	0		0	0	0
39	660 Public Relations/Advertising					0	0	0		0	0	0
40	666 Amortz. of Rate Case					0	259	259		259	111	149
41	667 Gross Revenue Fee (PUC)					0	0	0	10	10	4	6
42	668 Water Resource Conservation					0	0	0		0	0	0
43	670 Bad Debt Expense					0	0	0		0	0	0
44	671 Cross Connection Control Prog					0	0	0		0	0	0
45	672 System Capacity Dev Program					0	0	0		0	0	0
46	673 Training and Certification					0	0	0		0	0	0
47	674 Consumer Confidence Report					0	0	0		0	0	0
48	675 General Expense					0	0	0		0	0	0
49	TOTAL OPERATING EXPENS	10,071	0	4,296	5,775	10,071	(4,967)	5,104	10	5,114	2,126	2,858
				4,296	5,775	10,071	(5,096)	4,975		4,985	2,126	2,858
	OTHER REVENUE DEDUCTIONS											
50	403 Depreciation Expense	32	21	23	30	53	48	80		80	34	46
51	407 Amortization Expense					0	0	0		0	0	0
52	408.11 Property Tax	116		49	66	116	156	272		272	116	156
53	408.12 Payroll Tax					0	0	0		0	0	0
54	408.13 Other					0	0	0		0	0	0
55	409.11 Oregon Income Tax					0	(283)	(283)	301	18	8	10
56	409.10 Federal Income Tax					0	(562)	(562)	598	36	15	20
57	TOTAL REVENUE DEDUCTIO	10,219	21	4,368	5,872	10,240	(5,608)	4,611	909	5,520	2,355	3,165
58	NET OPERATING INCOME	(9,355)	3,464			(5,891)	5,896	(3,459)	3,633	174	74	100
59	101 Utility Plant in Service	879	2,559	1,467	1,971	3,438	1,122	2,001		2,001	854	1,147
60	Less:											
61	108.1 Depreciation Reserve	232	53	122	163	285	364	596		596	254	342
62	271 Contributions in Aid of Const					0	0	0		0	0	0
63	272 Amortization of CIAC					0	0	0		0	0	0
64	281 Accumulated Deferred Income Tax					0	0	0		0	0	0
65	Net Utility Plant	647	2,506	1,345	1,808	3,153	758	1,405	0	1,405	599	806
66	Plus: (working capital)					3,153		1,405		1,405	599	806
67	151 Materials and Supplies Inventory		0			0	0	0		0	0	0
68	Working Cash (Total Op Exp / 11	325	0	139	186	325	100	425	0	425	181	244
69	TOTAL RATE BASE	972	2,506	1,484	1,994	3,478	858	1,830	0	1,830	781	1,050
70	Rate of Return	-962.43%		-72.26%	-97.12%	-169.37%		-188.98%		9.50%	4.05%	5.45%

Company

325

3,478

-169.37% Staff

FISH MILL LODGES WATER SYSTEM					
Test Year: 2006					
RESIDENTIAL RATE DESIGN					
Proposed Revenues of:				\$5,706	
Allocation					
Residential	Proposed Rev				
42.66%	\$5,706	=	\$2,434		
Commercial					
	Proposed Rev				
57.34%	\$5,706	=	\$3,272		
			\$5,706		
BASE RATE					
	Number of Customers	Current Monthly Flat Rate	Proposed Monthly Flat Rate	Total Annual Revenues	Revenue at Current Rates
Residential*					
	3	\$24.00	\$67.61	\$2,434	\$864
1 year tariff rider					
Subtotal	3				
Commercial*					
	1	\$24.00	\$272.63	\$3,272	\$288
1 year tariff rider					
Subtotal	1				
TOTAL CUSTOMERS	4			\$5,706	\$1,152

CERTIFICATE OF SERVICE

UW 123

I certify that I have 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 Salem, Oregon, this 24th day of March, 2008.

Kay Barnes

Kay Barnes
Public Utility Commission
Regulatory Operations
550 Capitol St NE Ste 215
Salem, Oregon 97301-2551
Telephone: (503) 378-5763

**UW 123
Service List (Parties)**

DEPARTMENT OF JUSTICE JASON W JONES ASSISTANT ATTORNEY GENERAL	REGULATED UTILITY & BUSINESS SECTION 1162 COURT ST NE SALEM OR 97301-4096 jason.w.jones@state.or.us
FISH MILL LODGES WATER SYSTEM JUDY BEDSOLE OWNER	PO BOX 95 WESTLAKE OR 97493
PUBLIC UTILITY COMMISSION KATHY MILLER	550 NE CAPITOL ST STE 215 SALEM OR 97301-2551 kathy.miller@state.or.us