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BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON

UW 84

In the Matter of)
)
WAGON WHEEL WATER) ORDER
COMPANY)
)
Revised Tariff Schedules.)

**DISPOSITION: STIPULATION APPROVED/RATES
AUTHORIZED/CONDITIONS IMPOSED**

On December 20, 2001, Wagon Wheel Water Company filed tariff sheets in Advice No. 01-13 to be effective February 1, 2002. In Order No. 02-021, entered January 9, 2002, the Commission found good and sufficient cause to investigate the propriety and reasonableness of the tariff sheets and suspended the advice pending that investigation.

On February 13, 2002, a public comment meeting and prehearing conference were held in Bend, Oregon. A schedule for the proceeding was adopted. Approximately 50 customers appeared. Eight customers filed applications to intervene in the proceeding. The applications were granted.

On June 20, 2002, a public information and comment meeting and an evidentiary hearing were held in Bend. Wagon Wheel was represented by Paul and Nichole Rugloski. PUC Staff was represented by Jason Jones, Assistant Attorney General. Interveners Patrick Andrade, Melissa Andrade, and Michael Lavrich appeared and represented themselves. Interveners Denise Boyer, Levi Williams, and Bob McCarthy made no appearance. Interveners Diego and Melody Molina withdrew their intervention prior to the hearing.

Staff offered a stipulation between it and Wagon Wheel resolving all issues in the case. All parties agreed to the stipulation at a settlement conference. All parties present at the hearing signed the stipulation. Staff offered testimony explaining and supporting the stipulation.

DISCUSSION

The stipulation (attached) and Staff testimony and exhibits are summarized below:

Results of Operations

The parties agreed to a total revenue requirement of \$30,500, which is based upon total operating expenses of \$24,379, a rate base of \$49,637, and a 10.5 percent overall rate of return. The monthly summer base rate is \$30.00, which includes 400 cubic feet of water. The variable rate for consumption above the 400-cubic foot base is \$1.21 per 100 cubic feet. The average residential summer monthly rate generated would be \$56.48. For the winter months of November, December, January, February, and March, the rate is a flat \$30.00 per month. The stipulated rates would result in an average annual monthly rate of \$45.45.

Conditions

The stipulation contains an expense for liability insurance. Wagon Wheel agrees to purchase such insurance for the water system by the end of 2002 and agrees to provide Staff with a copy of the insurance policy.

Wagon Wheel also agrees that in the future it will provide proper notification to customers prior to shutting off water service.

Additional Issue Relating to Prior Rate Increase

Several customers at the two public comment meetings raised an issue relating to one or more prior rate increases made by Wagon Wheel. They assert that these raises were unlawful and that they should receive refunds for the amounts improperly collected. Wagon Wheel and Staff contend that the questioned rate increase or increases were proper.

This issue is not part of this rate case. The rates determined in this case are based on the financial and other information presented by the company and interveners. These new rates authorized in this order are independent of the rates charged in the past. Moreover, the record in this case does not address that issue in a manner that would allow us to address it in this order. Since it was not actually a proper part of the rate case, it was not presented through sworn testimony subject to cross-examination and not supported by relevant exhibits. Therefore, we will not address the issue of these alleged prior rate increases in this order.

However, the Commission notes that this matter can be raised by customers in a complaint proceeding. Our procedures provide a simple and usually inexpensive process for customers to bring a dispute with a regulated utility to the

Commission for decision. If a complaint is filed, our procedures provide for proper development of the issues so that we can make an informed decision. We neither encourage nor discourage the filing of a complaint, but merely bring the procedure to the customers' attention. By doing so we pass no judgment on the merits of any complaint which may be filed.

The Consumer Services Division of the Public Utility Commission can provide procedural information and appropriate forms. Its telephone number is 1-800-522-2404.

COMMISSION DISPOSITION

The Commission has examined the stipulation and attachments and the entire record in this case. The Commission concludes that the stipulation is an appropriate resolution of all issues and that the rates established therein are just and reasonable. The Commission adopts the stipulation and all attachments.

CONCLUSIONS

1. The adjustments stipulated to by Staff and the Company as shown in the attached stipulation are reasonable and should be adopted. Wagon Wheel should be allowed to file revised rate schedules consistent with those adjustments.
2. The rates set out in the stipulation are reasonable and proper.
3. The conditions set out in the stipulation are appropriate and are adopted.

ORDER

IT IS ORDERED that:

1. The rate schedules proposed by Wagon Wheel Water Company are permanently suspended.
2. The rates contained in the stipulation, Appendix A to this order, are adopted.

3. The tariff sheets in Advice No. 01-13, filed December 20, 2001, are permanently suspended.

Made, entered, and effective _____.

Roy Hemmingway
Chairman

Lee Beyer
Commissioner

Joan H. Smith
Commissioner

A party may request rehearing or reconsideration of this order pursuant to ORS 756.561. A request for rehearing or reconsideration must be filed with the Commission within 60 days of the date of service of this order. The request must comply with the requirements in OAR 860-014-0095. A copy of any such request must also be served on each party to the proceeding as provided by OAR 860-013-0070(2). A party may appeal this order to a court pursuant to applicable law.