

ENTERED JUN 09 2003

**This is an electronic copy. Format and font may vary from the official version. Attachments may not appear.**

**BEFORE THE PUBLIC UTILITY COMMISSION  
OF OREGON**

UW 90

In the Matter of	)	
	)	
CEDAR TREE PARK WATER COMPANY	)	
	)	ORDER
Application to increase the utility's total	)	
annual revenues from \$7,200 to \$14,400.	)	

**DISPOSITION: STIPULATION ADOPTED; RATE INCREASE APPROVED**

On or about May 1, 2002, Cedar Tree Park Water Company (Cedar Tree or Company), a division of the Hiland Corporation, notified its customers that rates would be increased from \$24 per month to \$48 per month, effective June 1, 2002.

On May 10, 2002, the Public Utility Commission (Commission) received petitions from more than 20 percent of Cedar Tree's customers, requesting that the Commission investigate the proposed rate increase.

On May 14, 2002, the Commission Staff (Staff) notified the Company that it was required to file a rate increase application within 60 days.

On November 20, 2002, Cedar Tree filed a general rate application. On December 17, 2002, the Commission entered Order No. 02-880, suspending Cedar Tree's proposed rate increase pending investigation.

On January 15, 2003, the Commission held a public comment meeting and prehearing conference in Scappoose, Oregon. At the prehearing conference, a procedural schedule was adopted. Mr. Daniel Wilbert was granted party status to the proceeding. Other Cedar Tree customers were designated as interested persons.

On April 3, 2003, a settlement conference was held in Scappoose, Oregon, to discuss the proposed rate increase. At the conference, the parties resolved all issues regarding the Company's application, and agreed to the revenue increase recommended by Staff in its analysis. On May 2, 2003, Staff filed an executed Stipulation, together with supporting testimony and exhibits.

**Discussion.** The stipulated rate increase equals \$5,040 --or 70 percent-- and results in a total revenue requirement of \$12,240. In arriving at the proposed increase, Staff made downward adjustments in Plant in Service to remove certain costs incurred by the Company in its efforts to acquire a new water source. Currently, the water drawn from the main well includes high levels of iron and manganese. While the water is potable and has been approved by the State of Oregon, it is not especially pleasant to drink. The Company

has made attempts to locate a new water source in response to customer complaints, and included these costs in its application. Since none of the alternative water sources were tested or approved by the proper regulatory authorities, and the Company's efforts were ultimately abandoned, Staff determined that the costs should be removed.

All parties recognize the need for an ongoing analysis of alternative water sources by the Company, its engineer, and the appropriate regulatory authorities. The parties also agree that these efforts may require the Company to file another rate application in the near future.

The customer rate is calculated by dividing the \$12,240 annual revenue requirement by 27 residential users, resulting in a monthly flat rate of \$37.78.

**Conclusion.** The Commission admits the Stipulation into the record in this docket. The Commission finds that the proposed rate increase set forth in the Stipulation is fair and reasonable and should be approved.

**ORDER**

IT IS ORDERED that:

1. The Stipulation attached to this order as Appendix A is adopted. Cedar Tree Park Water Company is authorized to increase rates by \$5,040 or 70 percent, resulting in total annual revenues of \$12,240.
2. Cedar Tree Park Water Company shall charge rates in accordance with the rate schedules in tariff PUC Oregon No. 1, Original Sheets Nos. 1-14, set forth in Appendix A, Attachment B, of this Order.
3. The tariffs filed on November 20, 2002, are permanently suspended.

Made, entered, and effective \_\_\_\_\_.

---

**Roy Hemmingway**  
Chairman

---

**Lee Beyer**  
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.