

ORDER NO. 04-324

ENTERED JUN 11 2004

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BEFORE THE PUBLIC UTILITY COMMISSION

OF OREGON

UP 214

In the Matter of)	
)	ORDER
A&G LLC WATER & SEWER)	
)	
Application for Authority to Sell Property.)	

DISPOSITION: APPLICATION APPROVED WITH CONDITIONS

On May 10, 2004, the Public Utility Commission of Oregon (Commission) received an application from A&G LLC Water & Sewer Company (A&G), pursuant to ORS 757.480 and OARs 860-036-0710 and 0715, requesting approval to transfer A&G to Brian L. Fitterer.

OPINION

Under ORS 757.480, any water utility doing business in Oregon shall first obtain Commission approval for any transaction to sell, lease, assign or otherwise dispose of property. The sale will be accomplished pursuant to a purchase agreement for the purchase of Aspen Creek Manufactured Home Park, including A&G. The purchaser's firm, Investment Property Group, will manage the park and the utility. The firm has long-standing experience that should benefit ratepayers.

Based on a review of the application and the Commission's records, the Commission finds that the application satisfies applicable statutes and administrative rules. At its Public Meeting on June 8, 2004, the Commission adopted Staff's recommendation to approve the transfer of A&G to Brian L. Fitterer. Staff's recommendation is attached as Appendix A and is incorporated by reference.

ORDER

IT IS ORDERED that the application of A&G LLC Water & Sewer Company is approved, subject to certain conditions, as further stated in Appendix A.

Made, entered and effective _____.

BY THE COMMISSION:

Becky L. Beier
Commission Secretary

A party may request rehearing or reconsideration of this order pursuant to ORS 756.561. A party may appeal this order to a court pursuant to ORS 756.580.

**PUBLIC UTILITY COMMISSION OF OREGON
STAFF REPORT
PUBLIC MEETING DATE: JUNE 8, 2004**

REGULAR _____ CONSENT X EFFECTIVE DATE _____ N/A _____

DATE: June 1, 2004

TO: Lee Sparling through Marc Hellman and Rebecca Hathhorn

FROM: Marion Anderson

SUBJECT: A&G LLC WATER & SEWER: (Docket No. UP 214) Authority for the purchase of the utility by Brian Fitterer.

STAFF RECOMMENDATION:

The Commission should approve the transfer of A&G LLC Water & Sewer to Brian L. Fitterer with the following conditions:

1. A&G LLC Water & Sewer shall provide the Commission access to all books of account, as well as documents, data, and records that pertain to the transfer.
2. The Commission reserves the right to review for reasonableness all financial aspects of this arrangement in any rate proceeding or earnings review under an alternative form of regulation.
3. A&G LLC Water & Sewer shall notify the Commission in advance of any substantive changes to this agreement, including any material changes in any cost. Any changes to the agreement terms that alter the intent and extent of activities under the agreement from those approved herein shall be submitted for approval in an application for a supplemental order (or other appropriate format) in this docket.

DISCUSSION:

This application, received on May 10, 2004, is made under ORS 757.480 and OAR 860-036-0710 and 0715. A&G LLC Water & Sewer (A&G), a closely held corporation, is a rate-regulated water utility. Its rates were last reviewed under Docket UW 91 and approved under Order No. 03-458 dated July 25, 2003.

DISCUSSION: (continued)

Copies of the memorandum of sale and real estate purchase agreement for the Aspen Creek Manufactured Home Park, inclusive of A&G, were submitted for staff's review. As a rate-regulated entity, customer notification is not required.

The Commission approved the sale of A&G to Macadam LLC under Docket UP 208 in Order No. 03-725 dated December 12, 2003. However, that sale was never completed.

Staff investigated the following issues:

Scope and Terms of the Agreement: The property sale price is \$3,100,000. A&G's rate base is \$25,539. Addendum No. B to the real estate purchase agreement lists the water company but does not assign a separate valuation.

Public Interest Compliance: The purchaser's firm, Investment Property Group, will manage the park and the utility. It currently administers approximately thirty properties and has long-standing experience. That experience should benefit ratepayers.

Records Availability, Audit Provisions and Reporting Requirements: The proposed ordering condition No. 1 provides the necessary access to A&G's books and records.

With the previously listed conditions, this transfer appears to be fair, reasonable, and not contrary to the public interest.

PROPOSED COMMISSION MOTION:

The requested transfer of A&G LLC Water & Sewer to Brian L. Fitterer be approved subject to the conditions stated in this memorandum.