

BEFORE THE PUBLIC UTILITY COMMISSION

OF OREGON

UW 111

In the Matter of)	
)	
AEGIS ROUND LAKE SEWER)	ORDER
COMPANY LLC)	
)	
Proposed Tariff for Water Service.)	
Advice No. 05-39)	

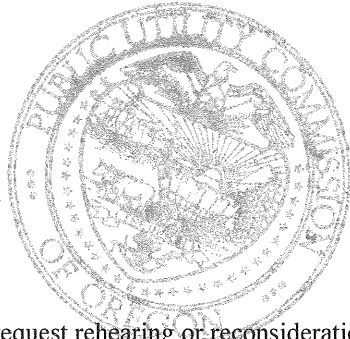
DISPOSITION: TARIFF SHEETS SUSPENDED

On October 31, 2005, AEGIS ROUND LAKE SEWER COMPANY LLC filed tariff sheets in Advice No. 05-39 to be effective November 30, 2005. The terms of the proposed tariff sheets are set forth in the Staff Report dated November 15, 2005, attached as the Appendix to this order.

At its November 22, 2005, public meeting, the Public Utility Commission of Oregon found good and sufficient cause exists to investigate the propriety and reasonableness of the tariff sheets pursuant to ORS 757.210 and 757.215. The Commission ordered suspension of the advice pending that investigation.

IT IS ORDERED that Advice No. 05-39 filed by AEGIS ROUND LAKE SEWER COMPANY LLC is suspended for a period of time not to exceed six months from November 30, 2005, the effective date of the tariff sheets.

Made, entered, and effective NOV 25 2005.



BY THE COMMISSION:

Becky L. Beier
Becky Beier
Commission Secretary

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.

ITEM NO. 6

PUBLIC UTILITY COMMISSION OF OREGON
STAFF REPORT
PUBLIC MEETING DATE: November 22, 2005

REGULAR X CONSENT _____ EFFECTIVE DATE November 30, 2005

DATE: November 15, 2005

TO: Public Utility Commission

FROM: Kathy Miller *km*

THROUGH: Lee Sparling *ls*, Marc Hellman *MH*, and Michael Dougherty *MD*

SUBJECT: AEGIS ROUND LAKE SEWER COMPANY LLC: (Docket No. UW 111/Advice No. 05-39) Requests a general rate increase in the amount of \$106,143, or 79 percent.

STAFF RECOMMENDATION:

Pursuant to ORS 757.215, Staff recommends that the proposed tariffs filed by Aegis Round Lake Sewer Company, LLC (Round Lake or Company) requesting a general rate increase be suspended for six months effective November 30, 2005.

DISCUSSION:

Round Lake is a small water system near Klamath Falls, Oregon. The system provides water service to 68 residential customers, one mobile home park, and a golf course. The current owner, Carol Linn, purchased the system on April 27, 2004. The system was brought under PUC rate regulation by the customer petition process, Order No. 05-145. Ms. Linn also owns the mobile home park and the golf course.

The Company filed tariffs on October 31, 2005, requesting to increase annual revenues by \$106,143, or 79 percent above the Company's 12 month revenues ending May 31, 2005. Round Lake chose this test year because of Ms. Linn's recent purchase of the system. It also seeks a 10 percent return on a rate base of \$315,414.

The Company appears to have miscalculated its requested percentage increase. Staff's preliminary review calculates the percentage increase, based on the Company's test year and proposed revenues, as a 376 percent overall increase.

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Round Lake is seeking this rate increase because, "Current income does not cover expenses. They will not cover future expenses. The Company desires that the utility operate independently without sharing resources from the Park and Golf Course."

The Company's current and proposed rates are:

CUSTOMER CLASS	CURRENT RATES	PROPOSED RATES	BILLING CYCLE	PERCENTAGE INCREASE ROUNDED
Residential	\$25 FLAT RATE	\$115 FLAT RATE	Per Month	360%
Mobile Hm Pk	\$250 FLAT RATE	\$1908 FLAT RATE	Per Month	663%
Golf Course	\$400 FLAT RATE	\$1500 FLAT RATE	Per Month	275%

Staff believes it is necessary to carefully analyze Round Lake's proposed rate increase and requests the Commission suspend the Company's filed tariffs to allow time to do so.

PROPOSED COMMISSION MOTION:

Pursuant to ORS 757.215, proposed tariffs filed by Aegis Round Lake Sewer Company LLC be suspended for six months, effective November 30, 2005, to allow Staff adequate time to investigate the Company's rate proposal.

UW 111 PMM