

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

UW 117

In the Matter of)	
)	
PETE'S MOUNTAIN WATER CO., INC.)	ORDER
)	AND
)	RULING
Request for an increase in total annual)	
revenues from \$111,079 to \$212,300.)	

**DISPOSITION: RATE SCHEDULE SUSPENDED FOR AN
ADDITIONAL PERIOD OF TIME; MOTION TO
REOPEN RECORD GRANTED**

On February 20, 2007, Pete’s Mountain Water Company (PMWC) filed a motion seeking a three-month extension of the suspension period and reopening of the record to allow additional testimony and evidence. PMWC filed the motion in response to Commission Order No. 06-657, which rejected a stipulation entered into between PMWC, Commission Staff, and two customer intervenors. In that order, the Commission concluded that PMWC must file affiliated interest contracts for the wages and salaries paid to Suzanne and Terry Webber before it could complete a review of the requested rate increase. The Commission further concluded that the stipulating parties had failed to provide sufficient evidence to support the rates proposed in stipulation.

PMWC recently filed the affiliated interest applications, and now seeks additional time and opportunity to address the issues identified in Order No. 06-657. Intervenor Kenneth Roberts opposes PMWC’s request. Mr. Roberts first questions the sufficiency of the affiliated interest applications, noting that they provide no new information to justify the reasonableness of the proposed wages and salaries. Mr. Roberts also contends that PMWC had the burden to present credible evidence to support the rate request at the earlier hearing, and that it would be “manifest injustice” to provide the company another opportunity to try again in future proceedings. Mr. Roberts concludes that if PMWC intends to present new evidence, fairness dictates that the company begin anew with the filing of a new rate request.

DISCUSSION

As explained in Order No. 06-657, the authority to extend the period of suspension for rate schedules beyond an initial nine-month period rests solely with the utility. See ORS 757.215. Consequently, PMWC need not file a motion to further extend the suspension period, but may unilaterally accomplish that result by filing a written stipulation.

See ORS 757.215(2). PMWC's request will be treated as such and, accordingly, the suspension period is extended for an additional three-month period beyond March 4, 2007.

PMWC's request to reopen the record is granted. The objections to the request are not well founded. While Mr. Roberts extensively quotes the order rejecting the stipulation, he fails to acknowledge that the Commission contemplated additional proceedings to review PMWC's rates. Specifically, the Commission stated:

[W]e believe that all parties may be better served with extended proceedings that would allow further examination of these disputed costs. Such proceedings would provide an opportunity for PMWC to provide additional evidence to support or revise its request, as well as an opportunity for Staff and the customer intervenors to respond to any new filing. Order No. 06-657 at 3.

Furthermore, Mr. Roberts' objections to the sufficiency of the affiliated interest applications are more appropriately raised in the proceedings opened to review those filings, dockets UI 261 and UI 262. In those dockets, the Commission will determine whether the contracts are fair and reasonable and not contrary to the public interest. *See* ORS 757.495. To be clear, however, those proceedings will not determine whether the costs associated with the affiliated interest transactions will be included in rates. If the affiliated interest applications are approved, the Commission will consider the rate impact of those costs in this rate proceeding.

Mr. Roberts' final argument is contrary to his own interests. While he complains of the time and effort already spent by the intervenors in preparing for and participating in the prior hearing, he prefers PMWC file a new rate request and repeat the entire process, including customer notification, intervention, discovery, and hearings. Allowing the current record to be reopened will alleviate the need to duplicate effort while ensuring that all parties, including customer intervenors, will have opportunity to conduct discovery and rebut any new evidence presented.

ORDER

IT IS ORDERED that:

- (1) Advice No. 06-021, filed by Pete's Mountain Water Company, Inc., is suspended for an additional period of time, not to exceed three months; and

- (2) The motion to reopen the record is granted. A scheduling conference will be noticed separately.

Made, entered, and effective on FEB 26 2007.



A handwritten signature in cursive script, appearing to read "Michael Grant", is written over a horizontal line.

Michael Grant
Chief Administrative Law Judge
Administrative Hearings Division

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 by filing a petition for review with the Court of Appeals in compliance with ORS 183.480-183.484.