

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

UW 116

In the Matter of)	
)	
SEVENTH MTN GOLF VLG WATER)	ORDER
COMPANY)	
)	
Proposed Tariff for Water Service.)	
Advice No. 06-20)	

DISPOSITION: TARIFF SHEETS SUSPENDED

On April 11, 2006, SEVENTH MTN GOLF VLG WATER COMPANY filed tariff sheets in Advice No. 06-20 to be effective May 11, 2006. The terms of the proposed tariff sheets are set forth in the Staff Report dated April 28, 2006, attached as the Appendix to this order.

At its May 10, 2006, 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. 06-20 filed by SEVENTH MTN GOLF VLG WATER COMPANY is suspended for a period of time not to exceed six months from May 11, 2006, the effective date of the tariff sheets.

Made, entered, and effective MAY 15 2006.



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

ITEM NO. 1

PUBLIC UTILITY COMMISSION OF OREGON
STAFF REPORT
PUBLIC MEETING DATE: May 10, 2006

REGULAR X CONSENT _____ EFFECTIVE DATE May 11, 2006

DATE: April 28, 2006

TO: Public Utility Commission

FROM: Michael Dougherty *MD*

THROUGH: Lee Sparling *LS* and Marc Hellman *MH* *BK for mH*

SUBJECT: SEVENTH MTN GOLF VLG WATER COMPANY: (Docket No. UW 116/Advice No. 06-20) Requests a general rate increase of \$22,824, or 41.7 percent.

STAFF RECOMMENDATION:

Pursuant to ORS 757.215, Staff recommends that the proposed tariffs filed by Seventh Mountain Golf Village Water Company (SMGV or Company) requesting a general rate increase be suspended for six months effective May 11, 2006.

DISCUSSION:

Seventh Mountain Golf Village Water Company, located in Bend, Oregon, provides domestic water service to one commercial customer and about 164 residential customers. The Company, until recently, had previously provided irrigation service to the Widgi Creek Golf Course.

The Company states the increase in rates is necessary because of:

- Discontinuation of income from the golf course;
- Continued plant maintenance;
- Implementation of a meter reading program;
- Ensure profitability;
- Landscape renovation; and
- Installation of an access road.

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Background

Although SMGV is asking for a 41.7 increase in revenues, the actual effect on residential and commercial customers will be far greater than the requested 41.7 percent increase. The effect of the proposed increase on monthly water rates will be approximately 139 percent for residential customers and approximately 49 percent for the commercial customer.

The significant increases in residential and commercial rates is a result of the golf course discontinuing its service from SMGV. This discontinuation in service occurred in late 2005, when it was determined that the well and cisterns are located on golf course property.

The golf course (Widgi Creek) was previously owned by the owner of SMGV; however, Widgi Creek filed for Chapter 7 Bankruptcy in 2004, going into Receivership in March 2004. Widgi Creek was auctioned in December 2004 and purchased by a third party interest not affiliated with SMGV.

In 2005, Widgi Creek's owner obtained legal counsel who researched the chain of title and history of the water permit for the irrigation, commercial, and pond water for the golf course and concluded that Widgi Creek was the absolute owner of the irrigation, commercial, and pond water. As a result, Widgi Creek sent a letter to SMGV on November 2, 2005, stating that it will no longer pay for water that it owns.

Subsequent to the letter notifying SMGV of water rights, SMGV and Widgi Creek entered into a Reciprocal Easement Agreement that will allow SMGV to draw all its water for its operation from the well located on Widgi Creek's property. As part of the agreement, Widgi Creek will allow SMGV a permanent, non-exclusive easement to access, maintain, repair, replace, and use the water pump, well, and cisterns located on Widgi Creek property. The agreement states that SMGV will maintain ownership of the electrical pump located in the well. Widgi Creek will not charge SMGV for use of the easement.

As part of the agreement, SMGV will allow Widgi Creek a permanent, non-exclusive easement to access, maintain, and repair, replace, and use its irrigation equipment that is located on SMGV property. SMGV will not charge Widgi Creek for use of the easement; however, Widgi Creek will continue to pay its pro-rata share of the utility operations and maintenance expenses concerning the delivery of water as long as the delivery facilities are located on SMGV property. In addition, Widgi Creek is the one commercial customer of SMGV and will continue to pay the commercial water rate.

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SMGV's previous rate case was UW 95, Commission Order No. 04-156, dated March 15, 2004.

PROPOSED COMMISSION MOTION:

Pursuant to ORS 757.215, the proposed tariffs filed by Seventh Mountain Golf Village Water Company be suspended for six months, effective May 10, 2006.

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