

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

UW 124

In the Matter of)	
)	
SEVENTH MTN GOLF VLG WATER)	ORDER
COMPANY)	
)	
Proposed Tariff for Water Service.)	
Advice No. 07-21)	

DISPOSITION: TARIFF SHEETS SUSPENDED

On November 20, 2007, SEVENTH MTN GOLF VLG WATER COMPANY filed tariff sheets in Advice No. 07-21 to be effective January 1, 2008. The terms of the proposed tariff sheets are set forth in the Staff Report dated December 7, 2007, attached as the Appendix to this order.

At its December 18, 2007, 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. 07-21 filed by SEVENTH MTN GOLF VLG WATER COMPANY is suspended for a period of time not to exceed six months from December 19, 2007.

Made, entered, and effective DEC 19 2007.



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.

**PUBLIC UTILITY COMMISSION OF OREGON
STAFF REPORT
PUBLIC MEETING DATE: December 18, 2007**

REGULAR X CONSENT EFFECTIVE DATE December 19, 2007

DATE: December 7, 2007

TO: Public Utility Commission

FROM: Michael Dougherty *MD*
in

THROUGH: Lee Sparling and Marc Hellman *A*

SUBJECT: SEVENTH MTN GOLF VLG WATER COMPANY: (Docket No. UW 124/Advice No. 07-21) Requests a general rate increase in the amount of \$23,812, resulting in annual revenues of \$74,603.

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 of \$23,812 or 47.1 percent, be suspended for six months effective December 19, 2007.

DISCUSSION:

SMGV, located in Bend, Oregon, provides domestic water service to approximately five commercial customers, 13 irrigation customers (meters), and about 169 residential customers. The Company filed this rate application and associated tariffs with the Commission on November 20, 2007. The application requests that proposed rates become effective on January 1, 2008.

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

- Investments of over \$50,000 in the last few years for meter installations and additional improvements;
- An increase in management fees from \$850 per month to \$1,200 per month; and
- Payment of back property taxes from 2003 and prior that was not previously included in rates.

UW 124/Advice 07-21
December 7, 2007
Page 2

The installation of meters will result in a change from flat rates to metered rates with base and variable components. The Company has submitted a history of meter readings from September 2006 through September 2007, allowing sufficient data to structure a metered rate.

In addition to a requested change in rates, the Company is also proposing to change three of its tariffed rules, Rule 14(b) concerning disconnection, Rule 19 concerning location of meters, and Rule 22 to reflect monthly and not quarterly billings. Staff will thoroughly investigate these requested rule changes.

Background

SMGV received a rate increase for residential and commercial customers on November 11, 2006, pursuant to Commission Order No. 06-501 (UW 116). Although the residential rates increased from a \$16.00 flat rate to a \$21.14 flat rate (32.1 percent), the Company's actual revenue was decreased from the test year amount of \$54,718 to \$46,160. This decrease was a result of Widgi Creek golf course discontinuing its service from SMGV. This discontinuation in service occurred in late 2005, when it was determined that the water system's 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 allows access by both entities to repair and replace equipment that is located on each others property. Widgi Creek and SMGV do not charge each other for the use of the easements; however, Widgi Creek continues to pay a pro-rata share of the utility operations and maintenance expenses concerning the delivery of water. Widgi Creek is also the commercial customer (five meters) of SMGV and will continue to pay for commercial water service.

UW 124/Advice 07-21
December 7, 2007
Page 3

UW 116 Stipulation

In the UW 116 Stipulation, the Parties agreed that they would attempt to work towards a resolution of certain outstanding issues prior to SMGV's next rate application. These issues were:

1. To develop a plan for Company ownership of meters and placing meters into rate base (the Company developed and executed a plan to "buy-back" all meters);
2. To determine the correct property tax allocations between SMGV and Widgi Creek;
3. To determine a proper methodology of allocating power costs between SMGV and Widgi Creek;
4. To determine a proper methodology of allocating plant costs concerning the well and turbine meter between SMGV and Widgi Creek;
5. To determine a proper timing and method of categorizing future landscape plant costs and operating expenses; and
6. To determine a proper methodology of allocating the back-up well pump between SMGV and Widgi Creek.

Although the Parties agreed that they would work towards a resolution of these issues, no meetings were held even though the Company attempted to schedule two meetings starting in December 2006. With that said, the data that has resulted from the installation of meters will greatly assist in the resolution of many of these issues.

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 December 19, 2007.

UW 124