

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

UW 127

In the Matter of)
)
CLINE BUTTE UTILITY COMPANY) ORDER
)
Proposed Tariff for Water Service.)
Advice No. 08-23)

DISPOSITION: TARIFF SHEETS SUSPENDED

On March 6, 2008, CLINE BUTTE UTILITY COMPANY filed tariff sheets in Advice No. 08-23 to be effective July 1, 2008. The terms of the proposed tariff sheets are set forth in the Staff Report dated April 1, 2008, attached as the Appendix to this order.

At its April 8, 2008, 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. 08-23 filed by CLINE BUTTE UTILITY COMPANY is suspended for a period of time not to exceed six months from July 1, 2008, the effective date of the tariff sheets.

Made, entered, and effective APR 09 2008.



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: April 8, 2008**

REGULAR X CONSENT EFFECTIVE DATE July 1, 2008

DATE: April 1, 2008

TO: Public Utility Commission

FROM: Renee Sloan *RS*

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

SUBJECT: CLINE BUTTE UTILITY COMPANY: (Docket No. UW 127/Advice No. 08-23) Requests a general rate revision.

STAFF RECOMMENDATION:

Pursuant to ORS 757.215, Staff recommends that the proposed tariffs filed by Cline Butte Utility Company (CBUC or Company) requesting a general rate increase be suspended for six months effective July 1, 2008.

DISCUSSION:

CBUC provides water service to customers at Eagle Crest Resort, near Redmond, Oregon. The company serves 26 commercial, 317 irrigation, 3 golf course irrigation, and nearly 1,300 residential customers.

On March 6, 2008, CBUC filed proposed tariffs to increase revenues from \$787,676 to \$910,422, or 16 percent above 2007 revenues. The Company requested an effective date of July 1, 2008. CBUC's current rates have been in effect since July 1, 2005.

The Company states that the proposed tariffs would increase the average residential monthly bill from \$38.74 to \$43.18. According to CBUC, the average monthly rate for a commercial customer with a 1-inch meter would increase from \$148.49 to \$182.08.

CBUC asserts that an increase in revenues is necessary to maintain the profitability of the Company in the face of rising operational costs, especially labor, materials and supplies, transportation and fuel, and insurance. However, in order to keep rates at a reasonable level, the Company requested a low rate of return (2.5 percent) on a rate base of \$4,355,217.

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Although Staff's recommendation for a six-month suspension of CBUC's proposed tariffs could result in an effective date of January 1, 2009, Staff's proposed rate case schedule calls for an October 1, 2008, effective date.¹

The Commission approved CBUC's current rates in Order No. 05-810, issued June 24, 2005, in docket UW 109. The rates became effective July 1, 2005.

PROPOSED COMMISSION MOTION:

Pursuant to ORS 757.215, Cline Butte Utility Company's proposed tariffs be suspended for six months, effective July 1, 2008, to allow Staff sufficient time to investigate the Company's rate proposal

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¹ The date will be earlier if no hearing is required.