

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

UW 138

In the Matter of

WHISPERING PINES ESTATES WATER

Request for interim rate relief.

ORDER

DISPOSITION: INTERIM RATE RELIEF GRANTED

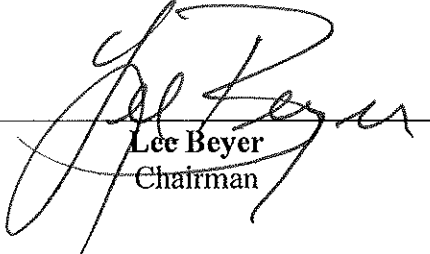
On August 12, 2009, Whispering Pines Estates Water (Whispering Pines or Company) filed a request for interim rate relief with the Public Utility Commission of Oregon (Commission). The Company requested interim rate relief because the revenue generated by the current rate design is not sufficient to cover the purchased water expense. The details of the filing and Staff's recommendation are described in Staff's Report, attached as Appendix A, and incorporated by reference.

At its September 8, 2009, Public Meeting, the Commission adopted Staff's recommendation to grant Whispering Pines' request for interim rate relief, subject to refund, with interest. (See ORS 757.215.)

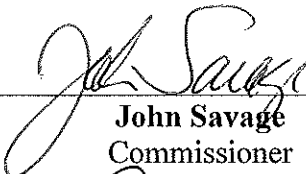
ORDER

IT IS ORDERED that the application of Whispering Pines Estates Water to allow the interim rates to go into effect, as of September 11, 2009, is granted, subject to refund.

Made, entered, and effective SEP 10 2009.



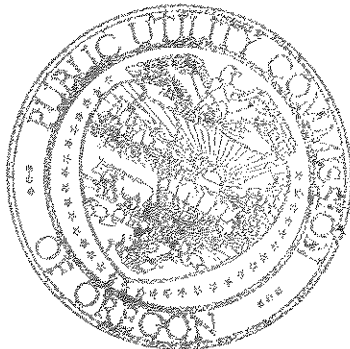
Lee Beyer
Chairman



John Savage
Commissioner



Ray Baum
Commissioner



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. 4

**PUBLIC UTILITY COMMISSION OF OREGON
STAFF REPORT
PUBLIC MEETING DATE: September 8, 2009**

REGULAR CONSENT EFFECTIVE DATE September 11, 2009

DATE: August 31, 2009

TO: Public Utility Commission

FROM: Renee Sloan ^{ms}

THROUGH: Lee Sparling, ^{lis} Marc Hellman, ^A and Michael Dougherty ^m

SUBJECT: WHISPERING PINES ESTATES WATER: (Docket No. UW 138/Advice No. 09-20) Requests interim rate relief.

STAFF RECOMMENDATION:

Pursuant to ORS 757.215, Staff recommends the proposed request for interim rate relief filed by Whispering Pines Estates Water (Whispering Pines or Company) be granted, subject to refund.

DISCUSSION:

Whispering Pines is a small water system providing water service to 21 residential customers in Shady Cove, Oregon. Pursuant to ORS 757.061(6)(b), the Company came under the Commission's jurisdiction August 12, 2009, after at least 20 percent of its customers petitioned the Commission for financial regulation of the Company and the Commission determined that it was in the public interest to assert jurisdiction. (WJ 23, Order No. 09-312) The Order requires the Company to file tariffs with the Commission within 60 days of the date of the Order. While Whispering Pines has not yet filed a full rate case application, the Company did file this request for interim rates on August 12, 2009.

The Commission standard for granting an interim rate increase is set in Commission Order No. 04-407, dated July 30, 2004. The order states on page 1:

In the past, we have been wary of allowing interim rate increases for utilities. We recognize, however, the unique circumstances of small water companies that face large increases in costs. These companies often are unable to absorb large cost increases and do not have extensive

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experience in making regulatory filings with the Commission. As a result, we find it appropriate, under limited circumstances, to allow these companies to recover increases in the cost of water through interim rates, pending the outcome of the final rate case.

According to the Company, the well that supplies its water once produced several hundred thousand gallons per month, but now produces less than 100,000 gallons per month. Because the amount pumped is insufficient to provide the amount of water used by the customers, the Company began purchasing water in April 2009 to supplement its well water.

The Company requested interim rate relief because the revenue generated by the current rate design is not sufficient to cover the purchased water expense.¹ The table below shows the total monthly usage, total monthly amount pumped, and the average monthly usage from April through July 2009.²

Month	Total Usage	Amount Pumped	Avg Usage Per Customer
April	104,680	88,500	4,985
May	133,210	74,100	6,343
June	163,130	79,000	7,768
July	199,110	70,900	9,481
Averages	150,033	78,125	7,144

In April 2009 H₂O to Go delivered 4,000 gallons at \$75 per load,³ or \$0.0375 per gallon. The rest of the purchased water was hauled by Got Water Delivery Service LLC (Got Water), Eagle Point, Oregon. As of August 30, 2009, Got Water had delivered seven loads of natural spring water at \$70 per load (\$0.350 per gallon); 74 loads of regular water at \$65 per load (\$.0325 per gallon); and 108 loads at \$60 per load (\$0.030 per gallon).⁴ As of August 30, 2009, the total cost for purchased water was \$11,735.

Due to concern about the increase to customer bills because of the need to purchase water, the Company charged them only \$0.015 per gallon regardless of the amount

¹ Besides paying for purchased water, the Company must also pay power, testing, and repair expenses. On August 31, 2009, the Company informed Staff that it will incur \$1,200 in testing expense by the end of September 2009.

² Total amounts for August are not available as of the date of this memo.

³ A load consists of 2,000 gallons.

⁴ When the Company learned it would be hauling a large volume of water, it switched from natural spring water to normal water. Because the Company purchased such a large amount of water at the normal \$65 per load, Got Water and Whispering Pines made a deal whereby the Company now pays \$60 per load.

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charged to the Company. To pay for this extra expense, the Company used reserve funds until such funds were exhausted. With the reserve fund exhausted, the owner (Mr. Roy Stuart) has been paying the extra cost with his personal funds.⁵ Because Mr. Stuart is unable to continue subsidizing the cost of the purchased water, the Company is requesting interim rates that will allow it to charge customers the full cost of the delivered water.

Staff supports the request for interim rate relief as it meets the Commission standard set forth in Order No. 04-407, as evidenced by the owner of the company having to use his personal funds to pay for the costs of the purchased water.

Before incurring the purchased water expense, the \$40 monthly base rate included 5,000 gallons of water with each additional gallon costing \$0.003. Currently, the \$40 base rate includes 5,000 gallons, but the cost for each additional gallon is \$0.015. In its request for interim rates, the Company proposes to keep the base rate at \$40 but increase the usage charge to \$.0325 per gallon for usage above 5,000 gallons for purchased and delivered water.

In an attempt to reduce consumption and lower the amount of purchased water, the Company notified customers on August 4, 2009, of water conservation restrictions effective immediately. As of August 30, 2009, the Company pumped about 69,000 gallons and purchased 88,000 gallons. As a comparison, the Company purchased 128,000 gallons in July 2009, so it appears that consumption decreased in August.

The proposed effective date for the interim rate is September 11, 2009. Staff presumes the amount of hauled water will decrease further as fall season approaches due to less outdoor usage.

In the upcoming rate filing by Whispering Pines, pursuant to Order No. 09-312, Staff will make recommendations to the Commission with regards to fair and reasonable rates. Until the Commission determines final rates, Staff believes an interim commodity rate of \$0.0325 per gallon for usage above 5,000 gallons for purchased and delivered water, subject to refund, is reasonable. Staff's recommended level is consistent with the recovery of purchased water costs. The proposed amount is slightly higher than the \$0.030 per gallon currently charged to the Company but lower than previous charges of \$0.0375 and \$0.0350.

The proposed interim commodity rate of \$0.0325 per gallon for usage above 5,000 gallons is 116.7 percent above the current commodity charge of \$0.015 per gallon. Under the Company's proposed rate, the average monthly bill would increase from

⁵ As of August 30, 2009, Mr. Stuart had personally paid \$635 for purchased water.

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\$72.17 to \$109.60, or 52 percent.⁶ As summer ends and usage decreases, it is likely few customers will have usage above 5,000 gallons per month and their monthly bill consist of just the \$40 base rate.

PROPOSED COMMISSION MOTION:

Pursuant to ORS 757.215, the proposed request for interim rate relief filed by Whispering Pines Estates Water be approved, subject to refund.

Uw138 Whispering Pines

⁶ For comparison purposes, Staff used averages from April through July. The Average Monthly usage is 7,144 gallons and the Average Monthly Bill is \$72.17.