

**BEFORE THE PUBLIC UTILITY COMMISSION  
OF OREGON**

UW 143

In the Matter of	)	
	)	
PELICAN BAY HEIGHTS WATER	)	
SYSTEM LLC	)	ORDER
	)	
Proposed Tariff for Water Service.	)	
Advice No. 10-17	)	

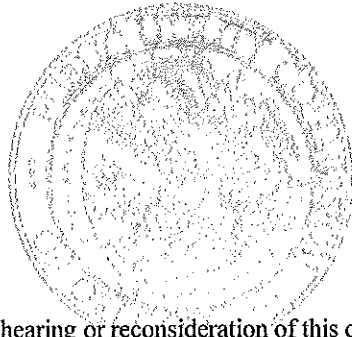
**DISPOSITION: TARIFF SHEETS SUSPENDED**

On July 2, 2010, PELICAN BAY HEIGHTS WATER SYSTEM LLC filed tariff sheets in Advice No. 10-17 to be effective August 9, 2010. The terms of the proposed tariff sheets are set forth in the Staff Report dated July 13, 2010, attached as the Appendix to this order.

At its public meeting on July 27, 2010, 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. 10-17 filed by PELICAN BAY HEIGHTS WATER SYSTEM LLC is suspended for a period of time not to exceed six months from August 9, 2010, the effective date of the tariff sheets.

Made, entered, and effective AUG 03 2010.



BY THE COMMISSION:

*Becky L. Bejer*  
Becky Bejer  
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. 2

**PUBLIC UTILITY COMMISSION OF OREGON  
STAFF REPORT  
PUBLIC MEETING DATE: July 27, 2010**

REGULAR  X  CONSENT \_\_\_\_\_ EFFECTIVE DATE  August 9, 2010

DATE: July 13, 2010

TO: Public Utility Commission

FROM: Michael Dougherty *MD*

THROUGH: Bryan Conway *BC* and Marc Hellman *MH*

SUBJECT: PELICAN BAY HEIGHTS WATER SYSTEM LLC:  
(Docket No. UW 143/Advice No. 10-17) Requests a general rate revision.

**STAFF RECOMMENDATION:**

Pursuant to ORS 757.215, Staff recommends that the proposed tariffs filed by Pelican Bay Heights Water System LLC (Pelican Bay or Company) requesting to establish rates, which results in a general rate increase for water services be suspended for six months effective August 9, 2010.

**DISCUSSION:**

Pelican Bay Heights Water System, LLC (Pelican Bay or Company) is a privately held water system providing domestic water service to 20 residential customers in Harbor, Oregon.

In January 2010, at the request of a customer, Staff reviewed the Company's 2009 end of year financials and determined that the Company was charging in excess of the metered system threshold. As a result, on January 21, 2010, Pelican Bay notified its customers that the annual average monthly residential rate exceeded the Commission's established rate in OAR 860-036-0030 and the customers had the opportunity to petition for rate regulation. On January 22, 2010, Staff received enough customer petitions to meet the 20 percent petition requirement for rate regulation. The Commission found in Order No. 10-029 (WJ 25), dated February 3, 2010, that enough petitions were received to meet the 20 percent requirement for rate regulation; and that there was sufficient reason to provide regulation based upon the high cost of water and documented water pressure problems.

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July 13, 2010  
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The Commission required the Company to file appropriate tariffs within 60 days. On April 2, 2010, the Company requested a 90-day extension to file tariffs in order to have more time to work with its attorney in an effort to turn over the operation of the water system to the Homeowners Association. On April 2, 2010, the Commission issued Order No. 10-19, granting the extension and requiring the Company to file an application by July 6, 2010.

To satisfy the order, the Company filed updated tariffs on July 9, 2010,<sup>1</sup> requesting to increase annual revenues by \$20,645. According to Pelican Bay, this represents an increase of 365 percent above the Company's 12-month revenues ending December 31, 2009.<sup>2</sup> Pelican Bay is seeking a rate of return on rate base of 10 percent in this proceeding. According to the Company, average customer rates will increase from \$32.41 to \$60.37.

Pelican Bay is seeking a rate increase because the Company has been operating at a loss for several years and the owner no longer wants to supplement the cost of running the system. Despite its efforts, the Company was unable to transfer the system to the Homeowners Association.

Because this is the Company's first rate case, Staff requests a suspension of the proposed tariffs for six months to allow ample time to complete a thorough investigation of the Company's revenues, expenses, plant, rate base, and rate design.

#### **PROPOSED COMMISSION MOTION:**

Pursuant to ORS 757.215, Pelican Bay Heights Water System, LLC's proposed tariffs be suspended for six months, effective August 9, 2010, to allow Staff sufficient time to investigate the Company's rate proposal.

pmm UW 143 Pelican Bay

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<sup>1</sup> An electronic filing was received on the July 6, 2010, due date.

<sup>2</sup> Staff calculates an increase of revenues of 265 percent above the Company's 12-month revenues.