

ORDER NO. 24-190

ENTERED Jun 12 2024

**BEFORE THE PUBLIC UTILITY COMMISSION  
OF OREGON**

UW 194

In the Matter of

CROOKED RIVER RANCH WATER  
COMPANY,

Requests Acceptance of Financial Audit,  
with Conditions, Approval of Revised  
Tariff Rule No. 10, and other Compliance  
Audit Conditions.

ORDER

**DISPOSITION: STAFF'S RECOMMENDATION ADOPTED**

At its public meeting on June 11, 2024, the Public Utility Commission of Oregon adopted Staff's recommendation in this matter. The Staff Report with the recommendation is attached as Appendix A.

BY THE COMMISSION:



**Alison Lackey**

Chief Administrative Law Judge



A party may request rehearing or reconsideration of this order under 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 860-001-0720. A copy of the request must also be served on each party to the proceedings as provided in OAR 860-001-0180(2). A party may appeal this order by filing a petition for review with the Circuit Court for Marion County in compliance with ORS 183.484.

ITEM NO. CA11

**PUBLIC UTILITY COMMISSION OF OREGON  
STAFF REPORT  
PUBLIC MEETING DATE: June 11, 2024**

**REGULAR** \_\_\_\_\_ **CONSENT**  X  **EFFECTIVE DATE** \_\_\_\_\_  June 24, 2024

**DATE:** May 30, 2024

**TO:** Public Utility Commission

**FROM:** Scott Shearer

**THROUGH:** Bryan Conway, Russ Beitzel, and Charla Wolf **SIGNED**

**SUBJECT:** CROOKED RIVER RANCH WATER COMPANY:  
(Docket Nos. UW 194 and ADV 1608/Advice No. 24-03)  
Requests Acceptance of Financial Audit, with Conditions, Approval of Revised Tariff Rule No. 10, and other Compliance Audit Conditions.

**STAFF RECOMMENDATION:**

Staff recommends that the Public Utility Commission of Oregon (Commission) accept Crooked River Ranch Water Company's (CRR or Company) Financial Audit, with conditions; approve the revised Tariff Rule No. 10, to become effective for service rendered on and after June 28, 2024; and accept the Company's documentation as demonstrating compliance with Compliance Audit Conditions from Order 24-077.

**DISCUSSION:**

Issues

Whether the Commission should:

1. Accept CRR Financial Audit, subject to conditions;
2. Allow CRR's filed tariff sheets to become effective June 24, 2024; and
3. Accept CRR's Compliance Audit Conditions as being met.

Applicable Rule or Law

Under ORS 757.205(1)-(2), a rate-regulated water utility must file schedules showing all rates, tolls, and charges for any service performed by it within the state and all rules and regulations that in any manner affect its rates.

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Pursuant to ORS 757.210, the Commission may approve tariff changes if they are deemed to be fair, just, and reasonable. Tariff revisions may be made by filing revised sheets with the information required under the Commission's administrative rules, including OAR 860-036-2010.

Pursuant to ORS 757.220, filings that propose any change in rates, tolls, charges, rules, or regulations must be filed with the Commission at least 30 days before the effective date of the change.

Order No. 23-338 adopted a Settlement Agreement and Stipulation resolving all issues in Docket No. UW 194, which required that the Company have two different audits completed: 1) an independent financial audit to review and confirm the Company's financial standing and adherence to generally accepted accounting principles; and 2) a compliance audit conducted by one of the Commission's Consumer Services Compliance Specialists, to review and confirm the Company's compliance with Oregon statutes, Commission Rules, and Company Tariffs.

In Order No. 24-077, the Commission ordered CRR to 1) ensure the annual fee statement is submitted and paid by the appropriate deadline and 2a) inform customers of their rights related to notice; and 2b) revise the language of Tariff Rule 10, CRR's Main Line Extension policy.

## Analysis

### *Background*

CRR is a rate and service-regulated water utility serving approximately 1,700 customers in the vicinity of Terrebonne, Oregon. The stipulation resolving the Company's 2023 rate case included requirements for CRR to have a financial audit and a compliance audit performed and report the results to the Commission.<sup>1</sup> The Commission accepted CRR's compliance audit with conditions, including revision of Tariff Rule No. 10.

With these filings, CRR submits the final documents required for compliance with the UW 194 Stipulation including: the financial audit, revised Tariff Rule No. 10, and appropriate documentation of the corrections required by Commission Order No. 24-077.

### **Item 1 – Financial Audit**

In Order No. 23-338, the Commission required CRR to have a financial audit completed and submitted to the Commission for review. On May 2, 2024, CRR filed the required financial audit report in Docket No. UW 194.

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<sup>1</sup> See Docket No UW 194, Order No. 23-332, Appendix A, p.2, September 20, 2023.

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CRR contracted Pauley, Rogers, and Co., P.C. (Auditor), to conduct the independent financial audit. The Auditor determined:

(...) the modified cash basis basic financial statements referred to above present fairly, in all material respects, the financial position of Crooked River Ranch Water Company, as of December 31, 2023 and the changes in net assets, and cash flows for the year then ended in conformity with the modified cash basis of accounting as described.(...) <sup>2</sup>

The Auditor did identify several best practices, which while not considered significant deficiencies, would more fully protect CRR operations. Staff agrees with the Auditor's assessment and recommends the Commission direct CRR to incorporate the six best practices identified by the Auditor, described below, into the Company's operations and report on them as a part of the Company's next rate proceeding.

*1: Segregation of Duties*

Because of a limited number of available personnel, it is not always possible to adequately segregate certain incompatible duties so that no one employee has access to both physical assets and the related accounting records or to all phases of a transaction. Consequently, the possibility exists that unintentional or intentional errors or irregularities could exist and not be promptly detected. Specifically, the risk of theft of cash payments being dropped off and taken by employees who also have the ability to delete customers from the billing system to cover up the theft. The Auditor recommends that the Board of Directors continually monitor the financial activities to mitigate this risk and consider obtaining additional fidelity insurance coverage to compensate for this risk.

*2: FDIC Coverage*

During our review of cash, the Auditor noted bank balances exceed the amount insured by the FDIC. It is recommended that the Board of Directors examine this exposure risk and make a determination if multiple banks should be used to maximize FDIC insurance.

*3: QuickBooks Accounting Software*

QuickBooks accounting software is used. QuickBooks may allow users to delete transactions without any audit trail remaining. The Auditor recommends that CRR evaluate the risk of using this program and consider reviewing the audit tracker on a periodic basis for unusual transactions to ensure it had not been shut off. This review should be documented.

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<sup>2</sup> Docket No. UW 194, Crooked River Ranch Water's Communication in Compliance with Order No. 23-338, May 2, 2024.

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*4: IT Controls*

In reviewing IT Controls, the Auditor noted that the Company currently has no policy to change passwords in the accounting software. It is recommended that the Company implement procedures to require strong passwords with unique characters which are to be changed on a bi-annual basis.

*5: Bank Reconciliations*

During the Auditor's review of bank reconciliations, it was noted that all the bank reconciliations tested had no evidence of being reviewed timely. Even though evidence of review was documented by a signature, the date indicating when the review occurred was missing. We recommend that someone independent of the preparation process review the monthly bank reconciliations in a timely manner to ensure there are no discrepancies or unusual reconciling items (unintentional or intentional) and that they document that review and approval with a signature and date to enhance internal controls.

*6: Approval of Disbursements*

During the Auditor's testing of disbursements, it was noted that four items which had no evidence of approval from the General Manager and a member of the board despite this being the Company's policy. It is recommended that each invoice or disbursement be approved by the manager/board member.

**Item 2 – Tariff Rule No. 10**

CRR's Advice Filing No. 24-03 is submitted to meet the Condition 2b in Commission Order No. 24-077, specifically, the main line extension Tariff Rule No. 10 verbiage shall read:

For a period of 5 years after the construction of the requested main line extension, the Utility shall also collect from any additional applicants who connect to the main line extension an amount per foot equal to the new applicant's proportionate share of the main line extension cost for that previously shared the cost of said main line extension. Refunds shall not exceed the amount originally advanced.

The filing was submitted on May 7, 2024, with a proposed effective date of June 24, 2024. Staff noted that the change to Rule 10 is required because the prior Tariff sheet did not provide a time period for potential rebates for a portion of the costs customers pay for new service when another customer benefits from the service and required by OAR 860-036-12310(c). This filing meets the requirements of the condition from Order No. 24-077 and should be approved.

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**Item 3 – Other Compliance Audit Conditions**

CRR also met the other conditions adopted in Order No. 24-077.

Requirement 1 - Ensure annual fee statement is submitted and paid to the Commission in a manner to be received by the appropriate deadline. CRR submitted the 2024 form to the Commission on March 28, 2024, well before the April 1, deadline.<sup>3</sup>

Requirement 2a - Inform customers of their rights to receive electronic and written notices in the Important Message section of the bill. On May 7, 2024, CRR sent Staff a copy of the updated statement showing the corrected language.<sup>4</sup>

CRR has met the compliance conditions required of Order No. 23-077 and should be accepted as complete.

Conclusion

Item 1: Staff finds that CRR's Financial Audit meets the requirements of the Stipulation in Order No. 23-338 and should be accepted with the conditions listed above.

Item 2: Staff finds that the replacement Tariff Rule No. 10 meets Commission requirements for main line extension policy should be approved.

Item 3: Staff Finds that CRR has meet the Compliance Audit conditions as directed in Order No. 24-077 and should be accepted.

The Company has reviewed a draft of this memo and has not noted any concerns.

**PROPOSED COMMISSION MOTION:**

1. Accept Crooked River Ranch Water Company's Financial Audit, subject to the Conditions to a) incorporate the six best practices identified in the audit into the Company's operations and b) report on them as a part of the next rate proceeding;
2. Approve Crooked River Ranch Water Company's tariff sheets filed in ADV 1608; and
3. Accept Crooked River Ranch Water Company's documentation as meeting the Compliance Audit Conditions from Order No. 24-077.

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<sup>3</sup> See Attachment A – Crooked River Ranch Annual Fee Statement 2024.

<sup>4</sup> See Attachment B – Crooked River Ranch Billing Statement.



To submit ACH payment online contact Fee Coordinator

ORDER NO. Water Utility Form

Make check payable to: Public Utility Commission of Oregon or OPUC
Mail payment and statement to: PUC FEE
Public Utility Commission
PO Box 2153
Salem, OR 97308-2153

24-190

For instructions and information:
https://www.oregon.gov/puc
Select Water then Reports & Forms
Or contact Holly Healey -Voice 971-239-6280
Fax 503-373-7950, email holly\_healey@puc.oregon.gov

Please update Commission records for name or address changes included below.

Filing: (check) Original Revised PUC Adj.
as appropriate

ID NO.: 4549
Company Name: Crooked River Ranch Water
ATTENTION: TAXES & REGULATORY
Address: PO Box 2319
City, State, Zip: Terrebonne, OR 97760

Annual Fee Statement
For the Year Ended December 31,
2023
Public Utility Commission of Oregon

On February 22, 2024, Oregon Public Utility Commission (OPUC) issued Order No. 24-054 authorizing collection of annual regulatory fees from public utilities operating in Oregon subject to regulation by the Commission. The fee level is 0.0045% of gross operating revenues derived from operations in Oregon during the calendar year 2023. See "DEFINITION OF GROSS OPERATING REVENUES" on our website under Water - Instructions.

Your payment and a completed signed original of this statement must be received by OPUC at the above address on or before 5:00 p.m. on Monday, April 1, 2024. The minimum annual fee is \$10. See OAR 860-036-1050

WATER UTILITY COMPANIES

- 1. Water sales - Residential & Multi-family
2. Water sales - Commercial
3. Water sales - Irrigation only
4. Water sales - All other
5. Wastewater (sewer) Revenue (if applicable)

Table with 3 columns: Gallons, Cubic Feet, Number of Customers. Row 1: 23,024,500, 1646. Row 2: 1,408,500, 51.

Table with 2 columns: Amount. Values: 969,820, 42,302, 62,316, 1,074,438, 0.0045, 4,835, XXXXXX, 4,835.

- 6. Miscellaneous Service Revenues (Defined in Instructions - Do not include pass through payments).
7. Gross Operating Revenues (Add lines 1 through 6) (Total gross operating revenues, before uncollectible accounts, derived from operations in the State of Oregon in the calendar year 2023.)
8. Assessment Rate
9. Amount Due (Line 7 x Line 8, or \$10, whichever is greater) \$ 4,834.97

Do not omit the cents on lines 9 through 13
Minimum due is \$10.00 by April 1, 2024

- 10. For OPUC Use Only
11. Late Payment Penalty (2% applied per month to fees received by OPUC after Monday, April 1, 2024)
12. Late Statement Fee (\$40 1-time penalty for statements received by OPUC after Monday, April 8, 2024)
13. Total Amount Due (Add Line 9 + Line 10 + Line 11 + Line 12) \$ 4,834.97

MINIMUM FEE DUE IS \$10. (An additional \$25 will be assessed for a payment returned for non-sufficient funds.)

To avoid the late payment penalty, please remit payment so that it is received by the OPUC on or before Monday, April 1, 2024

Required Information Below - Please PRINT Legibly of TYPE

14. Julie Rasor 541-923-1041 accounting@crrwater.com
Preparer or Person to be contacted by OPUC Staff Voice Telephone Number Facsimile (fax) Number Electronic Mail (e-mail) Address

15 CERTIFICATION ORIGINAL BLUE "Ink" Signature Required ~ No Photo copied signatures accepted!

I hereby certify that the above statements are true and correct to the best of my knowledge and belief, and that the arithmetic accuracy of all numerical information has been verified.

Signature of Certifying Officer or Designated Agent: Frank Day

Title of Signee (please print legibly or type): General Manager
Signee's Phone Number: 541-923-1041

Date Signed: 3-13-24
Signee's e-mail address: frank@crrwater.com

(Typed or Printed) Name of Signee

Signee's Phone Number

Signee's e-mail address

For Commission Use Only: Reviewed: Date:

Recorded: APPENDIX A 3/19/2024 Page 6 of 8



**Crooked River Ranch Water Company**  
 13845 SW Commercial Loop  
 Crooked River Ranch, OR 97760  
 PO Box 2319  
 Crooked River Ranch, OR 97760  
 Phone: (541) 923-1041 • Fax: (541) 923-5936  
 Web: www.crrwater.com

**ORDER NO** ACCOUNT #: #####  
**BILL DATE:** 24-190 4/23/2024  
**SERVICE ADDRESS:** #####  
**DUE DATE:** 5/15/2024  
**AMOUNT DUE:** \$141.68

Business Hours: M - TH 8:00AM to 4:30 PM. Closed Fridays and Federal Holidays.

*\*Past due balances are due immediately!*

**Summary of Charges:**

Previous Balance: 91.40  
 Current Charges: 50.28  
**AMOUNT DUE:** \$141.68

**Your Water Usage:**

Use our new Customer Portal  
 Dropcounter



Dropcounter App

You can use your smartphone by scanning this QR code with your phones camera or search for the Dropcounter app on your phones app store. Use their website by going to dropcountr.com.

All customer's have the right to receive electronic copies of all written notices to be issued on the customer's account. Contact the office for more details.

Bills are due by the due date listed on the top portion of this statement. A late fee pursuant to OAR 860-036-0130 will be charged to overdue balances at the time of preparing the subsequent months statement for residential accounts or by the due date for all other accounts.

**Account Information:**

PREVIOUS METER READ	CURRENT METER READ	USAGE TOTAL
3/22/2024 - ###	4/22/2024 - ###	400 CF

BASE RATE	\$42.16
WATER (1.51 PER 100CF)	\$6.04
LATE CHARGE	\$2.08

**CURRENT CHARGES** \$50.28

**IMPORTANT MESSAGES:**

Auto pay will be debited on the 10th of every month. If the 10th happens to fall on a weekend or holiday then it will be debited after the weekend or holiday.

Board Meeting May 15th at 3:00PM

To change your account information or submit comments, check here & provide info on reverse side.



CROOKED RIVER RANCH WATER CO.  
 PO BOX 2319  
 CROOKED RIVER RANCH OR 97760

####  
 ####  
 #####

**CUSTOMER/ACCOUNT#:** #####  
**SERVICE ADDRESS:** #####  
**DUE DATE:** 5/15/2024  
**CURRENT CHARGES:** \$50.28  
**AMOUNT DUE:** Autopay - Do Not Pay

Amount Enclosed \$  ,   .

CROOKED RIVER RANCH WATER CO  
 PO BOX 2319  
 CROOKED RIVER RANCH OR 97760-2319



