

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

UW 202

In the Matter of

SEAVEY LOOP WATER COMPANY,
LLC,Request for a General Rate Revision.

ORDER

DISPOSITION: STIPULATION ADOPTED

I. SUMMARY

In this order, we adopt a contested stipulation resolving all issues related to the application for a general rate revision (application) by Seavey Loop Water Company, LLC (Seavey Loop). This represents an increase of \$18,591, or 73.75 percent over 2023 test period revenues.¹ Relative to the revenue requirement underlying the company's rates effective April 1, 2024, in its last rate case, this represents an increase of \$3,510, or 8.7 percent.² Under the stipulation, the increase for each residential customer is approximately 12 percent, or \$10.63 per month compared to current rates.

II. BACKGROUND AND PROCEDURAL HISTORY

Seavey Loop is a rate- and service-regulated water utility, providing service to 37 residential customers in Eugene, Oregon. All customers are served via a 5/8" water line and are charged a flat monthly rate. On December 18, 2024, Seavey Loop filed the application based on a calendar year 2023 test year, including tariff sheets in Advice No. 24-02 to be effective February 1, 2025. We suspended Advice No. 24-02 to conduct

¹ We note that the company's filing addressed the revenue and rate changes relative to the 2023 test year, rather than relative to current rates, in effect since April 1, 2024. The test year used for the purpose of a rate case is typically the most recent year for which a full year of financial information is available at the time the filing is being prepared, which in this case was 2023. In its application, the Seavey Loop proposed an increase of \$26,680 over 2023 test year revenues of \$25,210 (Initial Application at 2).

² See, *In the Matter of Seavey Loop Water Company, LLC of Oregon Request for a General Rate Revision*, Docket No. UW 196, Order No. 24-082 at 4 (Mar. 22, 2024). The 2024 authorized revenues were effective beginning April 1, 2024 (2024 authorized revenues were \$40,291).

a comprehensive examination of the company's revenues, expenses, revenue deductions, wage and salary analysis, rate base, capital structure, tariff review, and rate spread and design.

In its application, Seavey Loop proposed an increase in annual revenues from \$40,291 to \$53,890 (33.75 percent), or \$13,599 above projected revenue for calendar year 2024.³ Under the company's proposal the monthly flat rate charge per customer would have increased from \$88.02 to \$121.37, or an increase of \$33.35 per month compared to current rates.⁴ Seavey Loop asserted that an increase in rates was needed to cover increases in operating costs and recent capital investments made to its system. Specific items for which the company requested recovery included a repair to the distribution main, installation of shut off valves, meter and leak detection devices, a new distribution pump, grading and gravel, and landscaping infrastructure. Seavey Loop's request also included a rate of return of 8.0 percent on a proposed rate base of \$177,473.

A public comment hearing was held on February 19, 2025. Several customers provided comments at the hearing opposing the proposed rate increase and expressing concern that the company's service issue reporting, as a part of its application, was incomplete. Staff reviewed the comments made during the hearing to inform its investigation. Petitions to intervene were granted for Seavey Loop customers Carrie Rose and Diana Chin.

The parties held settlement conferences on April 15, and May 6, 2025. Ms. Rose filed opening testimony on May 8, 2025. On the same day, Staff requested a suspension of the procedural schedule, stating that the company and Staff reached an agreement in principle on a settlement. The intervenors did not object to the suspension request, which was granted by the administrative law judge.

On June 9, 2025, Seavey Loop and Staff (stipulating parties) filed a comprehensive stipulation, along with supporting testimony and exhibits. A copy of the stipulation, including its attachments (revenue requirement and illustrative tariff), is attached, as Appendix A, to this order.

Ms. Rose filed objections to the stipulation on June 16, 2025. The stipulating parties provided responsive testimony on July 9, 2025. No reply testimony was submitted. The administrative law judge issued a ruling closing the record on August 7, 2025.

³ Initial Application at 2 (Dec 18, 2024). Seavey Loop also presented the proposed increases compared to 2023 test year numbers, which were a 113.77 percent increase in revenue (from \$25,210 to \$53,890).

⁴ *Id.*

III. THE STIPULATION

The stipulation presents a comprehensive settlement of all issues. The stipulating parties recommend and request that we adopt the stipulation in its entirety. The stipulating parties agree to a rate effective date no later than November 1, 2025. The stipulation presents several adjustments to the company's application, including adjustments for gross plant in service, depreciation, and contract services. These include a reduction to rate base of \$25,542 and adjustments to reduce contract services by \$9,416, which involve elimination of expenses for landscaping and removing a twenty percent service fee for expenses related to management fees, labor, and billing and collections.⁵ As a result of the stipulation, the revenue requirement includes an agreed-upon 7.75 percent rate of return (ROR) on a total rate base of \$160,725. The adjustments in the stipulation result in a total revenue requirement of \$43,801 as shown in attachment A to the stipulation, to be collected in rates as set forth in the illustrative tariffs, provided as attachment B to the stipulation. The new rates include a monthly flat rate charge of \$98.65 per residential customer. This represents an increase of \$10.63 or approximately 12 percent over current rates.⁶

Additionally, under the stipulation, Seavey Loop will refrain from adding new assets related to landscaping to rate base for five years from the effective date of service, absent extraordinary circumstances. The utility further commits to not include capitalized labor in future rate based only on hourly rates billed by an affiliate. For any capitalized labor, the company will provide adequate support in future rate case filings, including a description of the assets and the date that each asset became used and useful to customers.

IV. OBJECTIONS TO THE STIPULATION

Ms. Rose raised several objections to the stipulation. Ms. Rose acknowledges that while some specific expense issues, raised in her opening testimony,⁷ are addressed by the proposed stipulation, she states continuing objections—"if they still apply"—to the following items: landscaping expenses, development service charges, and affiliate services.⁸ Ms. Rose notes that she, along with several other customers, objected to landscaping expenses and asserts that these charges are not a necessary part of providing

⁵ Stipulating Parties/102 Anderson and Griffiths/2 (Jun. 9, 2025).

⁶ Stipulating Parties/200 Beitzel and Griffiths/3 (Jul. 9, 2025).

⁷ Ms. Rose did not seek to admit her opening testimony into the record. Accordingly, we will consider her testimony as comments. As comments, these materials will not carry the weight of sworn testimony and cannot be considered record evidence of the facts contained.

⁸ Objection to Stipulation/100 Rose/1 (Jun. 16, 2025).

customers with water service.⁹ Ms. Rose also asserts that items labeled “development services” lack any explanation as to how these expenses are related to supplying water service. Ms. Rose contends that affiliate service fees and billing, for a pool of 37 customers, “should be excluded, reduced or further explained” by the company.¹⁰

In addition, Ms. Rose objects to the 7.75 percent interest rate (rate of return), the inclusion of income tax as a business expense, and several assets included in the previous rate case, although these are not specifically identified.¹¹ Ms. Rose also asserts that the settlement process allows the company to increase rates without having to publicly defend claimed expenses.

V. RESPONSE TO OBJECTIONS

Staff states although the stipulating parties may not necessarily agree on the calculations, assumptions, or bases used to determine each adjustment, Staff and the company believe the amounts represent a reasonable financial settlement of all issues in this docket. Staff asserts the stipulation includes adjustments to address most of the concerns raised by Ms. Rose, and the adjustments are in the public interest and are consistent with rates that are fair, just, and reasonable.¹²

In responsive testimony, Staff states that landscaping expenses were thoroughly discussed by the parties in settlement. Staff explains that landscaping expenses are typically categorized as either property improvements (included as assets or rate base) or property maintenance (included as expenses) and that it is “standard to include investments related to making the property safe and useful in any ratemaking proceeding before the Commission.”¹³ Regarding the first category, Staff explains that improvements include grading and repairing the property, an irrigation system, and related, one-time investments to make the property useful and serviceable. The second component is monthly landscaping fees related to mowing and maintenance of the property. These expenses, while generally acceptable for continued use of a property, were reduced in the utility’s current and previous rate case. Staff states that all landscaping maintenance charges were removed from rates under the stipulation. Seavey Loop will continue the service but will not collect the associated expense in rates in this case.¹⁴ Staff explains that the company also agreed to avoid making additional landscaping investments for the

⁹ *Id.*; Tr. at 13-14, 19, 23-24, 33 (Feb.19, 2025).

¹⁰ Objection to Stipulation/100 Rose/1.

¹¹ *Id.*

¹² Stipulating Parties/200 Beitzel and Griffiths/4.

¹³ *Id.* at 7.

¹⁴ *Id.* at 7-8.

next five years, absent extraordinary circumstances.¹⁵ Therefore, Staff recommends no further changes to these expenses. Seavey Loop concurs with Staff's response.

Staff explains that almost all "development services" costs included in plant in service were removed from rates under the stipulation. Specifically, Staff notes that it agrees with Ms. Rose that costs allocated for "development services" in the initial filing were not "well justified."¹⁶ Staff explains that all "development services" costs, with the exception of \$140 related to structures and improvements, were excluded from rates under the stipulation. Staff states that items which are not sufficiently explained, or supported by the company in an acceptable manner, are not allowed in rates.¹⁷

Regarding affiliate services, Staff disagrees that these charges should be excluded, explaining that affiliate services, including management and billing fees, are common in situations where a utility is owned by another company. Staff testifies that these functions would otherwise require the utility to employ additional staff or contractors. Staff states that affiliates are required to provide services at the "lower of cost or market" (LCM) and that all costs that went above LCM were removed from rates under the stipulation. Staff indicates that this includes the removal of the twenty percent service fee from several expense categories.¹⁸

Staff responds to Ms. Rose's objection to the 7.75 percent "interest rate," explaining that this represents the rate of return, or ROR, rather than just an interest rate. Staff states that the revenue requirement must allow the utility to collect sufficient revenue to stay solvent and to earn an appropriate ROR on its investments. Staff explains that the ROR is calculated based on a hypothetical weighted average blend of interest rate and return on equity, and this approach is common for setting ROR for utilities owned by holding companies. Staff states that this approach benefits customers when the company's capital structure is greater than 50 percent equity, which is the case here. Staff also testifies that the stipulated ROR in this case is lower than the ROR permitted for similarly small water utilities in other recent Commission decisions.¹⁹ Staff also explains that income tax expenses, are "a normal and necessary expense for any for-profit business, including utilities" and that those costs are appropriately included in the company's rates.²⁰ Staff recommends no changes be made to the stipulated adjustments for either ROR or income tax expense.

¹⁵ *Id.*

¹⁶ *Id.* at 8.

¹⁷ *Id.* at 8-9.

¹⁸ Stipulating Parties/102 Beitzel and Griffiths/2.

¹⁹ Stipulating Parties/200 Beitzel and Griffiths/11.

²⁰ *Id.*

The stipulating parties also responded to Ms. Rose's objections to the settlement process. Staff explains that their process includes a thorough examination of amounts included by Seavey Loop in its application. Staff asserts that a fully litigated rate case process does not always help customers, as there is no guarantee that a litigated revenue requirement will be lower than what is proposed in settlement, and that the cost to fully litigate a case may result in increased costs for customers. Staff states that if it was determined that a potential settlement would harm customers, then Staff would not agree to enter into the settlement.²¹

VI. RESOLUTION

We reviewed the stipulation, its attachments, and the supporting testimony and exhibits. We find that the terms of the stipulation are supported by sufficient evidence, appropriately resolve the issues in this case, and that the stipulation will result in fair, just and reasonable rates, and contribute to an overall settlement in the public interest. We note and appreciate the participation, interest, and scrutiny of the customers who provided comments and those who participated as intervenors in this case. We note that the stipulation includes significant adjustments related to the issues raised by the intervenors regarding landscaping and affiliate expenses, and development services charges. The company's investments since the last rate case, including repairs of a distribution main and service lines, pump replacement, and meter installations, were significant cost drivers in this case.

We adopt the stipulation in its entirety and direct that the company file tariff sheets in compliance with this order with an effective date of October 1, 2025.

We also note the customer concerns with the company's customer service and responsiveness to service complaints raised at the public comment hearing and in written comments. Several customers expressed frustration with the company's responses to customer reporting of water service issues such as water leaks and water pressure, as well as concern that the company's report of only one customer complaint in its filing was inaccurate.²² While we adopt the stipulation in resolving the rate request, the comments received raise concerns about the company's tracking and handling of customer complaints which are unaddressed in the stipulation. We direct the company to provide Staff with a detailed explanation of its customer service processes within 30 days of this order and to work with Staff to review its customer service processes. We direct the company to include in its next rate filing a detailed explanation of its customer service processes.

²¹ *Id.* at 5-6.

²² Tr. at 15-16, 18, 28, 34-36.

VII. ORDER

IT IS ORDERED that:

1. Advice No. 24-02 filed by Seavey Loop Water Company, LLC, is permanently suspended.
2. The stipulation between Seavey Loop Water Company, LLC, and the Staff of the Public Utility Commission of Oregon attached as Appendix A, is adopted.
3. Seavey Loop Water Company, LLC, must file tariff sheets in compliance with this order with an effective date of October 1, 2025, within three business days of this order.
4. Seavey Loop Water Company, LLC, must provide Staff with a detailed explanation of its customer service process within 30 days of this order.

Made, entered, and effective Sep 05 2025.



Letha Tawney
Chair



Les Perkins
Commissioner



Karin Power
Commissioner



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 Court of Appeals in compliance with ORS 183.480 through 183.484.

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In the Matter of Seavey Loop Water Company, LLC, Request for a General Rate Revision.		STIPULATION
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This Stipulation is by and between Seavey Loop Water Company, LLC (“Seavey Loop Water” or the “Company”) and Staff of the Public Utility Commission of Oregon (“Staff”) (hereafter, collectively referred to as the “Stipulating Parties”). At the time this Stipulation was filed, there were two intervenors, Diana Chin and Carrie Rose (“Intervenors”), and they are not Stipulating Parties.

I. INTRODUCTION

On December 18, 2024, Seavey Loop Water filed a request for a General Rate Revision, with proposed rates to become effective on February 1, 2025. The Company requested to increase its revenues from \$25,210 to \$53,890, or an additional \$28,680 (113.77 percent). By Order No. 24-455, entered December 20, 2024, Chief Administrative Law Judge (“ALJ”) Lackey suspended the effective date for a period of time of up to nine months from the proposed effective date, or November 1, 2025. ALJ Allwein held a virtual public comment hearing on February 19, 2025.

Staff reviewed the Company’s filing and responses to data requests. The Stipulating Parties and Intervenors held settlement conferences on April 15 and May 6, 2025, to discuss and address the issues in this case. As a result of those discussions, the Stipulating Parties have reached agreement on all issues as set forth in this Stipulation. The Stipulating Parties respectfully request that the Commission issue an order adopting this Stipulation.

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II. TERMS OF THE STIPULATION

1. Revenue Requirement. The Stipulating Parties agree to recommend and support a total revenue requirement of \$43,801, as shown in Attachment A to this Stipulation, to be collected in rates as set forth in Attachment B to this Stipulation. This revenue requirement includes an agreed-upon 7.75 percent rate of return on a total rate base of \$160,725, and represents an increase of \$18,591, or 73.75 percent, over 2023 test period revenues. The stipulated revenue requirement and adjustments are included for review as Attachment A to this Stipulation.

2. Rate Effective Date. The Stipulating Parties agree that rates will become effective for services rendered on or after the date the Commission issues an order adopting this Stipulation or as otherwise determined by the Commission, but not later than November 1, 2025.

3. Rate Base. The Stipulating Parties agree that the stipulated rates in this case reflect the following rate base adjustments:

a. Utility Plant in Service (Account 101). The Stipulating Parties agree that utility plant in service includes all rate base additions from the Company's last rate case through the Company's filing of this rate case. The Stipulating Parties also agree that the Company's additions to rate base are prudent. The Stipulating Parties also agree to an adjustment of (\$25,542) to gross plant in service. The Stipulating Parties agree that these actions result in a total gross plant in service of \$180,876.

i. The Company agrees that, unless there are extraordinary circumstances, it will not add any new assets related to landscaping to Utility Plant in Service for a period of five years from the effective date of rates in accordance with Paragraph 2 of this Stipulation.

ii. In subsequent general rate revisions filed by the Company, the Company agrees to not include in Utility Plant in Service any item only supported by amounts billed by an affiliate of the Company at hourly rates and to provide a description of any added

assets and the date that each asset became used and useful to customers. This provision does not prohibit the Company from requesting capitalized labor but requires capitalized labor to be supported by the appropriate information.

b. Accumulated Depreciation (Account 108). An adjustment of \$6,215 to reflect the adjustment to gross plant in service.

c. Working Capital. An adjustment of (\$737) to reflect the amount of operating expenses agreed upon by the Stipulating Parties.

4. Operating Expense Adjustments. The Stipulating Parties agree that the stipulated rates in this case reflect the following operating expense adjustments:

a. Contract Services – Management Fees (Account 634). An adjustment of (\$895).

b. Contract Services – Labor (Account 636). An adjustment of (\$5,395).

c. Contract Services – Billing/Collection (Account 637). An adjustment of (\$991).

d. Contract Services – Other (Account 639). An adjustment of (\$2,135).

e. Gross Revenue Fee (PUC) (Account 667). An adjustment of (\$197).

f. Other Expense 2 (Bank Service Charges). An adjustment of \$373.

5. Other Revenue Deductions. The Stipulating Parties agree that the stipulated rates in this case reflect the following adjustments to other revenue deductions:

a. Depreciation Expense (Account 403). An adjustment of \$69.

b. Federal Income Tax (Account 409.10). An adjustment of \$324.

c. Oregon Income Tax (Account 409.11). An adjustment of \$109.

6. Revisions to Tariff. Adjusted rates are reflected in Attachment B to this Stipulation. Subject to the approval of this Stipulation, Seavey Loop Water will file revised tariff pages as a compliance filing in Docket UW 202, to be effective in accordance with Paragraph 2 of this Stipulation, reflecting the rates and terms and conditions as agreed to in this Stipulation. The Company will make that compliance filing within three business days after the Commission order in this proceeding.

1 7. The Stipulating Parties agree that this Stipulation is in the public interest and, in
2 the unique circumstances present in this case, will result in rates that are fair, reasonable, and
3 will meet the standard set forth in ORS 756.040.

4 8. The Stipulating Parties have negotiated this Stipulation in good faith and
5 recommend that the Commission adopt the Stipulation in its entirety as an appropriate and
6 reasonable resolution to the issues described therein.

7 9. The Stipulating Parties agree that the Stipulation represents a compromise in the
8 positions of the Stipulating Parties. By entering into this Stipulation, no Stipulating Party shall
9 be deemed to have approved, accepted, or consented to the facts, principles, methods, or theories
10 employed by any other Stipulating Party in arriving at the terms of this Stipulation.

11 10. The Stipulating Parties agree that without the written consent of all Stipulating
12 Parties, evidence of conduct or statements, including but not limited to term sheets or other
13 documents created solely for use in settlement conferences in this docket, and conduct or
14 statements made at settlement conferences, are confidential and not admissible in this or any
15 subsequent proceeding, unless independently discoverable or offered for other purposes allowed
16 under ORS 40.190.

17 11. The Stipulating Parties support entering into evidence, without requiring any
18 Stipulating Party to lay a foundation for its admission, this Stipulation and its attachments, the
19 joint written testimony of Staff and the Company in support of the Stipulation (Exhibit
20 Stipulating Parties/100), and additional supporting exhibits: Exhibits Stipulating Parties/101
21 (witness qualification statements), Stipulating Parties/102 (summary tables), and Stipulating
22 Parties/103 (public comments).

23 12. The Stipulating Parties understand that this Stipulation addresses only Seavey
24 Loop Water's request for a general rate increase in this instance, is not binding on the
25 Commission in deciding Seavey Loop Water's application for a general rate increase, and does
26

1 not foreclose the Commission from addressing any other issues or foreclose a Stipulating Party
2 from raising issues in a different proceeding.

3 13. The Stipulating Parties have negotiated this Stipulation as an integrated
4 document. Accordingly, if the Commission rejects all or any material portion of this Stipulation,
5 or adds any material condition to any final order that is not consistent with this Stipulation, each
6 Stipulating Party reserves the right, upon written notice to the Commission and all parties to this
7 proceeding within 15 days of the date of the Commission's final order, to withdraw from the
8 Stipulation and to present additional evidence and argument on the record. However, prior to
9 withdrawal, any Stipulating Party that wishes to withdraw must engage in good faith negotiation
10 with the other Stipulating Parties. No Stipulating Party withdrawing from this Stipulation shall
11 be bound to any position, commitment, or condition of this Stipulation. Nothing in this
12 paragraph provides any Stipulating Party the right to withdraw from this Stipulation as a result of
13 the Commission's resolution of issues that this Stipulation does not resolve.

14 14. The Stipulating Parties agree to support Commission approval of the Stipulation,
15 throughout this proceeding and any subsequent appeal, and to provide witnesses to sponsor
16 testimony. If any other party to this proceeding challenges this Stipulation or if any other
17 interested person objects to this Stipulation in comments, the Stipulating Parties agree to
18 cooperate in responding to bench requests, preparing supplemental testimony, and participating
19 in cross-examination and to put on such a case as they deem appropriate to respond fully to the
20 issues presented, which may include addressing issues incorporated in the settlements embodied
21 in this Stipulation.

22 15. This Stipulation may be executed in any number of counterparts, each of which
23 will be an original for all purposes, but all of which taken together will constitute one and the
24 same agreement.

25 16. This Stipulation may not be modified or amended except by written agreement of
26 all Stipulating Parties.

DATED: June 09, 2025

DATED: June 09, 2025

APPENDIX A
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