

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

UI 532

In the Matter of

GOVERNMENT CAMP WATER
COMPANY,

Request for an Affiliated Interest
Agreement with Lesli
Ann Bekins, Trustee of the Bekins Living
Trust dated November 25, 2014.

ORDER

DISPOSITION: STAFF'S RECOMMENDATION ADOPTED

At its public meeting on March 3, 2026, 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.

**PUBLIC UTILITY COMMISSION OF OREGON
STAFF REPORT
PUBLIC MEETING DATE: March 3, 2026**

REGULAR _____ **CONSENT** X **EFFECTIVE DATE** _____ **N/A** _____

DATE: January 28, 2026

TO: Public Utility Commission

FROM: Joseph Bartholomew

THROUGH: Bryan Conway and Russell Beitzel **SIGNED**

SUBJECT: GOVERNMENT CAMP WATER COMPANY:
(Docket No. UI 532)
Requests approval of an Affiliated Interest Agreement with Lesli Ann Bekins.

STAFF RECOMMENDATION:

Staff recommends that the Public Utility Commission of Oregon (the Commission) approve Government Camp Water Company’s (Government Camp or Company) application (Application) for approval of an affiliated interest agreement (the Agreement) with Lesli Ann Bekins (Affiliate) for the loan from Trustee of the Bekins Living Trust (Living Trust) to Government Camp Water Company.

DISCUSSION:

Issue

Whether the Commission should grant the Company’s request to enter into the Agreement with Lesli Ann Bekins for a loan from the Living Trust to the Company.

Applicable Law

Pursuant to ORS 757.015(1) and (2), a corporation or person has an affiliated interest relationship with a public utility when it owns or holds, directly or indirectly, in any chain of successive ownership, at least five percent of the voting securities of that public utility. Pursuant to ORS 757.015(4), every person who is an officer or director of such public utility or of any corporation in any chain of successive ownership of five percent

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or more of voting securities of such public utility has an affiliated interest relationship with the public utility.

ORS 757.495(1) and OAR 860-036-2210(2) require that when a public utility enters into a contract with an affiliated interest, it must seek Commission approval of the contract within 90 days of execution of the contract. The contract shall be deemed to be executed on the date the parties sign a written contract or on the date the parties begin to transact business under the contract, whichever date is earlier. ORS 757.495(6) requires the Commission to enter an order within 90 days after the matter has been submitted to the Commission for consideration.

Pursuant to ORS 757.495(3), the Commission will approve affiliated interest agreements if the terms are fair and reasonable and not contrary to the public interest. However, the Commission need not determine the reasonableness of all financial aspects of the agreement for ratemaking purposes and may reserve that issue for subsequent proceedings.¹

Pursuant to OAR 860-036-2230(2)(e), when services or supplies are sold to a water utility by an affiliate, sales must be recorded in the water utility's accounts at the lower of the affiliate's cost or the market rate. The affiliate's cost must be calculated using the water utility's most recently authorized rate of return.

Analysis

Background

Government Camp is a privately owned rate- and service-regulated water utility serving approximately 439 residential and commercial customers in the vicinity of Government Camp, Oregon. The Application was submitted on December 15, 2025. The 90-day requirement in ORS 757.495(6) requires the Commission to enter an order on this matter by March 15, 2026.

The Living Trust intends to make three loans to the Company, one for \$15,000 and two for \$20,000. The Living Trust will benefit from the interest charged on the loans, and the Company is assuming the obligation to repay the principal pursuant to the loans' terms.

Each loan has a term of three years for payment. The loan for \$15,000 has an annual interest rate of 4 percent, while the two loans for \$20,000 each have an annual interest rate of 3.81 percent. The interest is required to be paid by the Company quarterly.

¹ See Order No. 11-071 in Docket No. UI 306.

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The total principal amount to be paid for each loan is \$55,000, while the total interest at the end of the repayment period if the loans are paid timely will be \$6,378.72 over the three-year term. See the payment structure in the table below.

Note date	Amount	Interest Rate	Daily Interest	Days to 12-31-2025	Interest Due December 31, 2025	Amount Due March 31	Amount Due June 30	Amount Due September 30	Amount Due December 31	Total for the year
9/16/2025	\$15,000	4.00%	\$1.64	93	\$152.52	\$147.60	\$149.24	\$150.88	\$150.88	\$598.60
10/6/2025	\$20,000	3.81%	\$2.09	88	\$183.92	\$188.10	\$190.19	\$192.28	\$192.28	\$762.85
10/8/2025	\$20,000	3.81%	\$2.09	88	\$179.74	\$188.10	\$190.19	\$192.28	\$192.28	\$762.85

*Note: 2028 is a leap year, thus an additional day of interest for each note for the third year must be added to the final interest total.

The loan for \$15,000 was to cover the wages and taxes the Company owed to its payroll provider ADP, allowing them to continue paying employees to help and serve utility customers, including managing and installing meters. The first loan of \$20,000 on October 6, 2025, allowed the Company to pay their supplier for radio read meters, while the second loan of \$20,000 was to pay the Company's water operator for both his monthly contract amount and for the labor to install the meters.

Ms. Bekins approached the Clackamas County Bank (CCB) about securing a loan or opening a business line of credit. The interest rate of said loan or line of credit would be prime (currently at 7 percent) plus 3 percent for a potential loan rate of 10 percent, with the high likelihood of collateral being required. The commercial loan officer gave a timeline for release of funds of thirty to forty-five days after the completion of the loan appraisal. By taking the loans from the Trust, Government Camp Water Company was able to secure a much lower interest rate, avoid the cost of a loan appraisal, and receive the funds immediately.

During UW 204 settlement discussions, Government Camp's latest rate case, it came to Staff's attention that the Company still has 235 flat rate billed customers. As part of the negotiations, Staff and the Company agreed to a 10 year plan during which the Company will convert all 235 flat rate billed customers to metered billed customers. By doing so, the newly metered customers will pay a bill that reflects a base rate plus usage. Therefore the customers that typically use less water than others will not have to pay as much as those that use more. In order to meet the requirements of the UW 204 rate case, the Company needs to invest in upgrading its meters. In this instance, the Company needed to borrow the money up front. Upon the submission of this filing, Staff reviewed the information provided by the Company and compared it to other recent filings by other regulated water utilities that have debt (UW 208, UW 207, UW 204, UW 203, UW 202) which were 7 percent, 6.5 percent, 7.5 percent, 6 percent, and 6 percent respectively and found that the interest rate for Government Camp is

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better than the current average of other regulated water utilities of 6.6 percent and the offer by CCB of 10 percent. Staff finds that the interest rate Government Camp is able to secure from the Living Trust is much lower and therefore more favorable for the Customers and meets the lower of cost or market requirement for affiliated interest transactions.

Conclusion

Based on the review of this application, Staff concludes that the following proposed affiliated interest agreement is fair, reasonable, and not contrary to the public interest.

PROPOSED COMMISSION MOTION:

Approve the Company's Application for an affiliated interest agreement between the Living Trust and the Company

CA4 - UI 532 Government Camp and Bekins Living Trust AI