

ORDER NO. 26-148

ENTERED Apr 29 2026

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

UW 210

In the Matter of

TIERRA DEL MAR WATER CO.,

Request for a General Rate Revision.

ORDER

DISPOSITION: STAFF'S RECOMMENDATION ADOPTED

At its public meeting on April 28, 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: April 28, 2026**

REGULAR X CONSENT EFFECTIVE DATE July 1, 2026

DATE: April 20, 2026

TO: Public Utility Commission

FROM: Nicola Peterson

THROUGH: Nolan Moser and Russel Beitzel **SIGNED**

SUBJECT: TIERRA DEL MAR:
(Docket No. UW 210)
Request for general rate revision and request for interim rate relief subject to refund.

STAFF RECOMMENDATION:

Staff recommends the Public Utility Commission of Oregon (Commission):

- Suspend the proposed tariffs filed by Tierra Del Mar Water Co. (Tierra Del Mar or Company), requesting a general rate increase, for nine months effective July 1, 2026.
- Grant interim rate relief at Staff's proposed rates.

DISCUSSION:

Issue

Whether the Commission should suspend the proposed tariffs filed by Tierra Del Mar Water Co. (Company) for nine months effective July 1, 2026, and pursuant to ORS 757.215, approve Staff's proposed interim increase with a monthly base rate of \$35 and a usage rate of \$4.00 per 100 cf's effective July 1, 2026, subject to refund with interest as provided by ORS 757.215(6).

Applicable Rule or Law

ORS 757.215(1) authorizes suspension of rate schedules for up to nine months.

ORS 757.215(5) and (6) state that the Commission may, in a suspension order, authorize an interim rate under which the utility's revenues will be increased by an

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amount deemed reasonable by the Commission, but not more than the amount requested by the utility. The interim rate remains in effect until terminated by the Commission. If the interim rate, or any portion thereof, is found to be unjustified upon completion of the rate case, it will be refunded, with interest, to the customers.

In Order No. 07-439, the Commission articulated that interim rate increases are disfavored and generally only granted where the utility is in dire need and unable to continue providing adequate service to its customers without additional funds.

Analysis

Background

Tierra Del Mar Water Co. is a rate-regulated water system serving 271 customers in Cloverdale, Oregon. The Company dates to pre-1948 and has changed ownership four times since then. The current owner, Owen (Buck) Miller, has been the owner/operator since 1988 and is currently in negotiations with Northwest Natural Water Systems to sell the company. The last time the Company filed an application for a general rate revision was in October 1993 with rates being approved in April 1994.¹

General Rate Filing

On March 30, 2026, Tierra Del Mar filed proposed tariffs requesting an annual revenue increase of \$117,759, resulting in total revenues of \$192,242, with an 8.67 percent rate of return on a rate base of \$374,483. This represents a 158 percent increase above test year revenues. The Company also filed a request for interim rates.

In its application, the Company states that a rate increase is necessary because the Company has experienced significant increases in operating costs and capital expenditures which are not reflected in current rates. The Company also seeks to hire a management company (Northwest Natural Water Systems) and this management services contract involves additional expenses.

Staff requests a nine month suspension of the proposed tariffs to allow Staff to perform a thorough investigation of the Company's proposal.

Interim Rate Request

Along with proposed tariffs, Tierra Del Mar filled a request for interim rate relief. While the Company did not include a proposed effective date in its request, the Company clarified in a call to Staff on April 20, that it is requesting an effective date of July 1, 2026.

¹ *In re Tierra Del Mar Water Co. Request for a General Rate Revision*, Docket No. UW 44, Order No. 94-661 (April 26, 1994).

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Consideration of interim rates for water utilities differs from that of other rate-regulated utilities. The Commission generally grants interim rates where the utility would be “unable to continue providing adequate service to customers without the additional funds.”² However, the Commission’s interim rate policy for water utilities recognizes that small water companies face unique circumstances. These utilities lack the ability to access capital markets, do not have extensive experience in making regulatory filings and are unable to absorb large cost increases.³ The Commission has previously permitted interim rates for water utilities facing a significant increase in expenses,⁴ needing to undertake system improvements or repairs,⁵ and where annual expenses exceed revenues.⁶

As the Company has not filed a rate case in over thirty years, they have experienced significant increases in both operating and capital expenses that are not included in current rates. The Company made significant capital investments in 2024, for new reservoir and needs additional capital to hire a management company. In its application the Company cites an annual revenue deficiency of \$117,759.⁷ Therefore, continuing to operate at current rates during Staff’s investigation will cause the Company additional financial harm.

An interim rate increase is appropriate to allow the Company to meet its ongoing expenses until the Commission approves new rates. Staff is proposing a 62 percent interim increase in the base rate from \$21.55 to \$35.00, and an increase in the usage rate from \$1.22 to \$4.00. These rates are below what the Company is requesting as Staff has made adjustments for expenses that seemed excessive and for any potential profit element included in the Management Service Contract Staff believes these interim rates are still reasonable to ensure the Company can meet its financial demands. This increase is subject to refund with interest if found to be unjustified upon completion of the rate case.

Table 1 shows the residential metered customers base and usage rates under the current tariffed rates, the Company’s proposed interim rates, and Staff’s proposed interim rates.

² Docket No. UW 91; *In re Fish Mill Lodges Water System Request for General Rate Increase*, Docket No. UW 123, Order No. 07-439 (Oct. 10, 2010).

³ *In re Salmon River Water Co. Request for General Rate Increase*, Docket No. UW 102, Order No.04-407 (July 30, 2004).

⁴ The Commission granted interim rates to Willamette Water Co. (UW 81) when the company experienced a significant increase in purchased water expense.

⁵ The Commission granted interim rates to facilitate necessary improvements and repairs for Shadow Wood Water Co. (UW 106), Fish Mill Lodges Water System (UW 123), and Alsea Properties Inc. (UW 159).

⁶ The Commission granted interim rates to Whispering Pines Estate Water (UW 138) when revenues were insufficient to meet expenses.

⁷ See Tierra Del Mar Application for a General Rate Case, testimony of Buck Miller, p. 62 of pdf.

Table 1: Residential Rate Comparison

Residential	Current Rate	Proposed Interim Rate	Staff's Proposed Interim Rate
Base Rate	\$21.55	\$42.44	\$35.00
Usage Rate	\$1.22	\$6.45	\$4.00

Table 2 shows a comparison of average monthly bills for residential customers who use an average of 201cf's per month, under current rates, the Company's proposed interim rates, and Staff's proposed interim rates.

Table 2: Average Monthly Bills

Residential	Current Mo Bill	Proposed Interim Mo Bill	Staff Proposed Interim Mo Bill
5/8" or 3/4"	\$23.60	\$53.26	\$43.04

Conclusion

Additional time is necessary to investigate the Tierra Del Mar's proposed rates. Based on the Company's current financial situation and imminent increase in expenses, Staff supports the request for interim rate relief. Implementing interim rates will bring immediate relief to the Company while giving Staff sufficient time to investigate the Company's rate proposal.

PROPOSED COMMISSION MOTION:

Suspend the proposed tariffs filed by Tierra Del Mar Water Co. for nine months and grant interim rate relief at Staff's proposed rates, effective July 1, 2026, and subject to refund with interest.