

ORDER NO. 00-061

ENTERED FEB 04 2000

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**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

UP 172

In the Matter of the Application of RAVIN)	
GROUP, L.L.C., for an Order Approving the)	ORDER
Transfer of Assets of SILTCOOS HEIGHTS)	
WATER, INC., to RAVIN GROUP, L.L.C.)	

DISPOSITION: SALE APPROVED

On November 8, 1999, the Commission received a property disposition application from Keven Hunt of Ravin Group, L.L.C. (Ravin or the Company) filed pursuant to ORS 757.480 and OAR 860-036-0715. Ravin has inspected all property being transferred and accepts such property “as is” and “with all faults” and has agreed in its application to “work diligently and in good faith to cure any defects in the water system. . .”

Based on a review of the application and the Commission’s records, the Commission finds that the application satisfies applicable statutes and administrative rules. At its Public Meeting on January 18, 2000, the Commission adopted the Staff’s recommendation to approve the sale as proposed. Staff’s recommendation is attached as Appendix A and is incorporated by reference.

OPINION

Jurisdiction

ORS 757.005 defines a public utility as anyone providing heat, light, water, or power service to the public in Oregon. The Company is a public utility subject to the Commission’s jurisdiction.

Applicable Law

ORS 757.480 provides that a public utility doing business in Oregon shall first obtain Commission approval for any transaction to sell, lease, assign or otherwise dispose of the whole of the property of such public utility.

OAR 860-036-0715 specifies the information a public utility must submit when it makes application to sell or lease its property. This application contains the necessary information.

Commission approval of the accounting treatment for this transaction does not constitute approval for ratemaking purposes.

CONCLUSIONS

1. The Company is a public utility subject to the jurisdiction of the Public Utility Commission of Oregon.
2. The Company's proposed transaction meets the requirements of ORS 757.480.
3. The application should be granted.

ORDER

IT IS ORDERED that the application of Ravin Group, L.L.C., for an order approving the transfer of assets of Siltcoos Heights Water, Inc., to Ravin Group, L.L.C. is granted, subject to conditions, if any, stated in Appendix A.

Made, entered, and effective _____ .

BY THE COMMISSION:

Vikie Bailey-Goggins
Commission Secretary

A party may request rehearing or reconsideration of this order pursuant to ORS 756.561.
A party may appeal this order pursuant to ORS 756.580.

ORDER NO.

ITEM NO. CA 16

**PUBLIC UTILITY COMMISSION OF OREGON
STAFF REPORT
PUBLIC MEETING DATE: January 18, 2000**

REGULAR AGENDA CONSENT AGENDA X EFFECTIVE DATE

DATE: January 11, 2000
TO: Bill Warren through Marc Hellman and Mike Myers
FROM: Kathy Miller
SUBJECT: UP 172 - Sale of Siltcoos Heights Water, Inc.

SUMMARY RECOMMENDATION:

Pursuant to ORS 757.480, staff recommends the Commission approve the transfer of assets of Siltcoos Heights Water, Inc. (Siltcoos), to Ravin Group, L.L.C. (Ravin).

DISCUSSION:

Siltcoos is a small investor-owned water system located near Florence, Oregon. The system currently serves approximately 50 customers and has a long history of water quality and service complaints. The Commission opened an investigation (UM 925) into Siltcoos operations and service on February 10, 1999. PUC has seven formal complaints filed against Siltcoos, and the customers are on a "boil water" notice issued by OHD. On April 21, 1999, Siltcoos entered into a stipulation with the Oregon Health Division Drinking Water Section (OHD) and PUC to complete certain conditions designed to resolve Siltcoos' failure to provide adequate water quality and required testing and monitoring. The Commission approved the stipulation in Order No.99-446.

In a letter dated October 28, 1999, the Department of Justice warned Siltcoos of the possibility of legal action for its noncompliance with Order No. 99-446. The company was given 30 days to comply with the requirements of the order. Eleven days later, on November 8, 1999, PUC received a property disposition application seeking Commission approval of the sale of Siltcoos to Ravin.

Ravin is a partnership between Kevin Hunt of Delta Environmental Services, Inc., (Delta) and Randy Reitz, President of Oregon Water Services, Inc. (OWSI). Delta is an approved drinking water testing laboratory, and OWSI provides and installs both domestic water pumping and treatment systems and wastewater collection and treatment systems. Both partners have hands-on experience with domestic water system operations. Mr. Hunt will be responsible for the system compliance testing and will assist in operations. Mr. Reitz will be in charge of daily operations and maintenance of the facility.

In a sale contract signed November 4, 1999, Thomas E. Skeele, president of Siltcoos, agreed to transfer all assets, rights, and liabilities from Siltcoos to Ravin for "true and actual consideration other than money." The consideration for the assets being transferred is the assumption of Siltcoos' obligations and liabilities. Siltcoos represents and warrants that with the exception of the claim presently being asserted by the Oregon Department of Justice mentioned above, it is not aware of any pending or threatened material claims or lawsuits relating to the water system. OHD and PUC staffs have agreed not to pursue legal action against the proposed new owners for noncompliance by the current owner. However, Ravin is aware that all Siltcoos' regulatory obligations and responsibilities transfer with the assets.

Bill Warren
January 11, 2000
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Ravin has inspected all property being transferred and accepts such property "AS IS" and "WITH ALL FAULTS." Ravin stated in its application it will "work diligently and in good faith to cure any defects in the water system . . ." OHD and PUC staff met with Mr. Hunt and Mr. Reitz on November 30, 1999, to discuss what Ravin's obligations and responsibilities would be concerning the system's noncompliance, system disposition application, and rate cases. Ravin agreed to submit a written compliance proposal (with timelines) to OHD by January 7, 2000. The general rate case tariff filing is due February 2, 2000.

Staff believes that the sale of Siltcoos to Ravin is in the best interest of the customers. The customers are not receiving safe and adequate service under the current owner. Ravin is experienced and well qualified to operate the water system, has acknowledged the problems and challenges presented by the existing system, and has committed to resolve deficiencies necessary to bring it into compliance with all regulatory rules and regulations, which will result in the provision of adequate and safe service to the customers.

STAFF RECOMMENDATION:

Staff recommends, pursuant to ORS 757.480, the Commission approve the sale of Siltcoos Heights Water, Inc., to Ravin Group, L.L.C.

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