

ENTERED DEC 26 2000

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OF OREGON**

UW 74

In the Matter of the Revised Rate)	
Schedules Filed by ROATS WATER)	ORDER
SYSTEM, INC., for a General Rate)	
Increase.)	

DISPOSITION: STIPULATION ADOPTED; RATE INCREASE APPROVED

On June 2, 2000, Roats Water System, Inc., (Roats or the Company) filed rate schedules to be effective July 5, 2000. At its June 20, 2000, public meeting, the Public Utility Commission of Oregon ordered suspension of the rate schedules pending an investigation pursuant to ORS 757.210 and 757.215.

On July 13, 2000, a prehearing conference was held in this matter in Bend, Oregon. The parties adopted a schedule for the remainder of the docket. On November 15, 2000, the Commission Staff filed testimony in support of a stipulation resolving all issues.

On November 30, 2000, Michael Grant, an Administrative Law Judge for the Commission, held a public comment and evidentiary hearing in Bend, Oregon. Jason Jones, Assistant Attorney General, appeared for Staff. William Roats, President of Roats Water System, Inc., appeared for the applicant. At the hearing, a revised stipulation was entered into evidence. On December 15, 2000, Staff filed supplemental testimony and exhibits supporting the revised stipulation.

The Commission has reviewed the revised stipulation and supporting testimony attached as Appendix A and incorporated into this order by reference. It allows the Company to increase revenues by \$28,935 annually, or 5.77 percent. This increase will produce net operating income of \$47,152 based on total annual revenues of \$530,113 with an overall rate of return of 10.15 percent. As requested by the company to mitigate the customer impact of the increase, a total of \$23,700 of the revised increase will be recovered through customer rates. This will produce an average monthly residential rate of approximately \$42.86.

The revised stipulation also required Roats to amortize \$5,236 per year of Accumulated Contributions in Aid of Construction (CIAC). The effect of this amortization will be the gradual reduction of CIAC, with a corresponding increase to rate

base. The CIAC amortization treatment benefits customers by reducing the portion of the total revenue increase recovered through customer rates. Under the revised stipulation, Roats is required to report booked CIAC amortization in its annual financial report to the Commission.

The Commission concludes that the stipulation is reasonable and should be adopted.

ORDER

IT IS ORDERED that:

1. The stipulation set forth in Appendix A of this order is adopted. Roats Water System, Inc. is authorized to increase revenues by \$28,935 annually, or 5.77 percent, resulting in total annual revenues of \$530,113.
2. Effective January 20, 2001, Roats Water System, Inc., shall charge rates in accordance with the rate schedules set forth in tariff sheets designated PUC Oregon No. 2, Second Revised Sheet No. 3, Schedule No. 1, Metered Rates, as shown in Attachment B of the stipulation.

Made, entered, and effective _____.

Ron Eachus
Chairman

Roger Hamilton
Commissioner

Joan H. Smith
Commissioner

A party may request rehearing or reconsideration of this order pursuant to 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 of OAR 860-14-095. A copy of any such request must also be served on each party to the proceeding as provided by OAR 860-13-070(2)(a). A party may appeal this order to a court pursuant to ORS 756.580.