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**BEFORE THE PUBLIC UTILITY COMMISSION**  
**OF OREGON**

UW 77

In the Matter of WESTLAND ESTATES            )  
WATER's Tariffs for Water Service in the    )  
State of Oregon.                                    )                                    ORDER

**DISPOSITION: STIPULATION ADOPTED; RATE INCREASE APPROVED**

On March 8, 2001, Westland Estates Water (Westland or Company) filed an application for a general rate increase. On April 6, 2001, the Public Utility Commission of Oregon (Commission) issued Order No. 01-275 suspending the proposed rate increase for investigation pursuant to ORS 757.210 and 757.215.

On April 25, 2001, a public comment meeting and prehearing conference were held in Hermiston, Oregon. At the meeting, the Commission staff (Staff) identified the following issues as potential issues which could be raised in prefiled testimony and at the evidentiary hearing:

- Ownership and operational responsibility for the water utility
- Test Period Revenues, Expenses and Rate Base
- Proposed Adjustments
- Rate of Return
- Rate Spread/Design
- Adequacy of Service

The presiding Administrative Law Judge, Allan J. Arlow, (the ALJ) ruled that any person wishing to be a party in the proceeding should petition to intervene no later than May 10, 2001 and that any person could submit proposals to add or modify issues no later than May 31, 2001. By prehearing conference report issued May 1, 2001, the ALJ also set the schedule for the remainder of the prehearing phase of the case. No persons petitioned to intervene in the proceeding.

A settlement conference was held in Hermiston, Oregon on June 26, 2001. On August 1, 2001, counsel for Staff moved for a postponement of the hearing scheduled for August 17, 2001. A general agreement had been reached between Staff and Westland

at the July 26 settlement conference, with respect to the methodology for establishing Westland's rates, but additional time was needed to gather and examine information with respect to contributions in aid of construction made by all residential customers, including Michael and Betty Hiatt. On August 7, 2001, the ALJ granted the motion and the Commission issued a notice canceling the public comment meeting and evidentiary hearing previously scheduled. In light of the fact that the investigation of Westland's rates would likely not be completed by the end of the initial six-month tariff suspension period, by Order No. 01-739 entered August 20, 2001, pursuant to ORS 757.215(1), the Commission extended the suspension period by three months.

On October 3, 2001, the ALJ issued a revised schedule for the public comment meeting and evidentiary hearing and the appropriate notice was issued by the Commission. On October 26, 2001, Staff filed the testimony of Kathy Miller.

On October 29, 2001, the public comment and evidentiary hearing was held in Hermiston, Oregon before the ALJ. Appearances were entered by Janet Severson on behalf of Westland and Stephanie Andrus, Assistant Attorney General, on behalf of the PUC Staff. No members of the public attended the hearing. The Staff and Westland offered a stipulation designed to resolve all issues. The agreement allows Westland to increase residential rates by \$5609, or approximately 69.7 percent, resulting in total revenues of \$13,656. The testimony of Kathy Miller, which contains the stipulation, supporting testimony and attachments was entered into evidence at the hearing and is attached to this Order as Appendix A. Attachment A to Staff Exhibit 1 in that testimony lists the various adjustments underlying the proposed increase.

The Staff and Westland also agreed to a change in the rate design. Under the original rate design, the more water a customer used, the less the customer paid; such a design, Miller testified, does not promote conservation of the resource. The new rate structure consists of a monthly base rate of \$32.51 with a usage allowance of 3000 gallons, and a variable usage rate of \$.95 per 1000 gallons above 3000 gallons. A separate rate was developed for Michael and Betty Hiatt. The Hiatts had made a \$1000 payment for connection to the water system. That amount was \$700 greater than the amount the Commission allows water utilities to charge for a service hookup. Therefore, the \$700 difference is amortized over a five-year period by providing the Hiatt residence with water service for a five-year period at a monthly base rate of \$20.84 with a usage allowance of 3000 gallons, and the same variable rate usage of \$.95 per 1000 gallons above 3,000 as provided to other customers.

The Commission finds that the proposed rate increase and rate structure changes set forth in the stipulation are fair and reasonable and should be approved.

**ORDER**

IT IS ORDERED that:

1. The stipulation included in Appendix A of this order is adopted. Westland Estates Water is authorized to increase rates by \$5609, or 69.7 percent, resulting in total annual revenues of \$13, 656.
2. Westland Estates Water shall charge rates in accordance with the rate schedules in tariff PUC Oregon No. 1, Original Sheets Nos. 1-18, set forth in Appendix A of this Order.

Made, entered, and effective \_\_\_\_\_.

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**Roy Hemmingway**  
Chairman

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**Lee Beyer**  
Commissioner

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**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 in OAR 860-014-0095. A copy of any such request must also be served on each party to the proceeding as provided by OAR 860-013-0070(2). A party may appeal this order to a court pursuant to applicable law.