

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

UW 130

In the Matter of)	
)	
CLEARWATER SOURCE LLC)	ORDER
)	
Proposed Tariff for Water Service.)	
Advice No. 08-37)	

DISPOSITION: TARIFF SHEETS SUSPENDED

On September 26, 2008, CLEARWATER SOURCE LLC filed tariff sheets in Advice No. 08-37 to be effective January 1, 2009. The terms of the proposed tariff sheets are set forth in the Staff Report dated October 13, 2008, attached as the Appendix to this order.

At its October 21, 2008, public meeting, the Public Utility Commission of Oregon found good and sufficient cause exists to investigate the propriety and reasonableness of the tariff sheets pursuant to ORS 757.210 and 757.215. The Commission ordered suspension of the advice pending that investigation.

IT IS ORDERED that Advice No. 08-37 filed by CLEARWATER SOURCE LLC is suspended for a period of time not to exceed six months from January 1, 2009, the effective date of the tariff sheets.

Made, entered, and effective OCT 28 2008



BY THE COMMISSION:

Becky L. Beier
Becky Beier
Commission Secretary

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 by filing a petition for review with the Court of Appeals in compliance with ORS 183.480-183.484.

UW130

ITEM NO. 3

**PUBLIC UTILITY COMMISSION OF OREGON
STAFF REPORT
PUBLIC MEETING DATE: October 21, 2008**

REGULAR CONSENT EFFECTIVE DATE January 1, 2009

DATE: October 13, 2008

TO: Public Utility Commission

FROM: Kathy Miller *KM*

THROUGH: *LS* Lee Sparling, *MH* Marc Hellman, and *MD* Michael Dougherty

SUBJECT: CLEARWATER SOURCE LLC: (Docket No. UW 130/Advice No. 08-37)
Requests general rate increases in water and wastewater services.

STAFF RECOMMENDATION:

Pursuant to ORS 757.215, Staff recommends that the proposed tariffs filed by Clearwater Source LLC (Clearwater or Utility) for water and wastewater services requesting a general rate increase be suspended for six months effective January 1, 2009.

DISCUSSION:

Clearwater is a small joint water and wastewater utility providing service to approximately 20 residential customers and the common grounds in the Center View Estates Manufactured Home Park, located in Salem, Oregon. The Utility purchases its water from the City of Salem (City) and the wastewater is removed by the City.

Clearwater filed a written petition requesting Commission regulation on July 9, 2008. See ORS 757.061(6)(a). On August 8, 2008, the Commission issued Order No. 08-410, which brought Clearwater under regulation, and required the Utility to file tariffs. Clearwater filed its tariffs on September 25, 2008. In its application, the Utility is requesting an increase in both water and wastewater rates.

WATER

Clearwater's application requests an increase in annual water revenue from \$2,114 to \$8,868, an increase of \$6,754 or 319.6 percent with a 2.5 percent return on a rate base of \$38,253.

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The Utility's current bi-monthly residential water rates include a \$5 administrative fee and a volumetric rate of \$1.92 per 100 cubic feet (cf) of water usage. The Utility shows total annual consumption for the 2007 test year as 109,037 cf. Staff calculates a current bi-monthly average consumption of 909 cf for each customer. At current rates, the annual average bi-monthly bill is approximately \$22.45.

Clearwater's rate proposal includes a monthly base rate of \$17.59 and a volumetric rate of \$3.74 per 100 cf of water. The Utility calculates that the proposed rates will result in an annual average monthly bill of \$35.19.

The Utility is proposing to move from a bi-monthly billing period to a monthly billing period. Converting the current average bi-monthly bill into an average monthly bill makes the comparison between the results of the current rates and that of the proposed rates more clear:

Water Current Average Monthly Bill:	\$11.23	(\$22.45/2) rounded up
Water Proposed Average Monthly Bill:	\$35.19	

WASTEWATER

Clearwater's application also requests an increase in annual wastewater revenue from \$6,480 to \$7,135, an increase of \$655 or 10.1 percent with a 2.5 percent return on a rate base of \$40,463.

The City charges Clearwater for wastewater service based on the amount of water pumped by the City to the manufactured home park. According to its application, Clearwater's currently uses the amount of water consumed by the customers (109,037 cf) as the basis of its charge to the customers. Clearwater's current bi-monthly wastewater rates include a base rate of \$34.30 and a volumetric rate of \$2.36 per 100 cf of water usage. At current rates, Staff calculates the annual average bi-monthly wastewater bill is approximately \$55.74.

Clearwater proposes a wastewater annual average monthly base rate of \$14.16 and a volumetric rate of \$3.01 per 100 cf. The Utility calculates that its proposed rates result in an annual average monthly bill of approximately \$28.31.

Converting the current average bi-monthly bill into a monthly bill makes the comparison between the results of the current rates and that of the proposed rates more clear:

Wastewater Service Current Average Monthly Bill:	\$27.87	(\$55.74/2)
Wastewater Service Proposed Average Monthly Bill:	\$28.31	

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Clearwater asserts that the increases in revenue are necessary to meet the current costs to provide service.

Clearwater's filing sets an effective date of January 1, 2009. However, Staff does not believe it will complete the case before the effective date. Therefore, Staff asks for a six-month suspension, even though Staff intends to complete the case several months before the end of the suspension period.

PROPOSED COMMISSION MOTION:

Pursuant to ORS 757.215, Clearwater Source LLC's proposed tariffs be suspended for six months, effective Jan. 1, 2009, to allow Staff sufficient time to investigate the Company's rate proposal.

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