ISSUED: July 19, 2017

BEFORE THE PUBLIC UTILITY COMMISSION

OF OREGON

UW 169

In the Matter of SUNRIVER WATER LLC, Request for a General Rate Revision.	ERRATA RULING

DISPOSITION: MOTION DENIED

I. INTRODUCTION

On July 13, 2017, I issued a ruling in this docket denying the motion to compel filed by Sunriver Owners Association (SROA) on June 16, 2016. In the ruling I incorrectly stated that SROA had not filed a reply to the response to its motion filed by Sunriver Water LLC (Sunriver Water). SROA filed a reply on July 7, 2017. In this errata ruling I acknowledge my error and issue an amended ruling.

II. SROA'S REPLY

In its reply SROA again cites the broad standard of relevance in regard to discovery: information reasonably calculated to lead to the discovery of admissible evidence. SROA claims that it has shown that "until just two years ago, Sunriver Environmental was, unquestionably, paying for electric and gas utility service for Sunriver Water at their joint offices. In other words, SROA has demonstrated there is a history of Sunriver Environmental's paying Sunriver Water's costs of providing water service."[1] SROA poses the question: "Is the practice more extensive than that?" It professes not to know the answer, "but that is why the rules permit discovery of documents that 'appears reasonably calculated to lead to the discovery of relevant evidence."[2] SROA argues that the documents in question "are directly relevant to the determination whether rates are just and reasonable, a matter on which Sunriver Water has the burden of proof, and they are directly relevant to the arguments SROA intends to make on those matters."[3]

III. RESOLUTION

I affirm my earlier ruling. As noted by SROA, Sunriver Water has the burden of proving the reasonableness of the rates it proposes to charge, which necessarily includes the burden of proving the reasonableness of all of the costs it wishes to recover through those rates. As a party SROA has standing to inquire thoroughly into all aspects of those costs.

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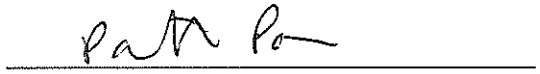
[1] Reply, p. 4.
[2] Reply, p. 4
[3] Reply, p. 6

In some instances the costs that Sunriver Water incurs are likely to be incurred jointly with Sunriver Environmental or some other enterprise within the Sunriver family of companies. In such cases joint costs must be allocated among the entities and there is no "gold standard" as to how such costs are allocated. Typically there are various ways to allocate costs and parties may disagree as to the "best" method in any particular instance. In all cases the parties may inquire as to the allocation method proposed and the basis for the proposal by the company. A failure to respond fully to discovery leaves the applicant vulnerable to the argument that it has failed to sustain its burden of proof.

In its motion SROA apparently posits that there are some costs that Sunriver Water incurs (jointly or on its own) that are allocated instead to Sunriver Environmental and are not included in Sunriver Water's cost of service. Accepting that supposition at face value, I cannot find that discovery into the accounting treatment of those costs by Sunriver Water's parent entity is relevant to the rates that Sunriver Water proposes to charge, without a threshold claim that the resulting lower (than otherwise) rates would somehow jeopardize the water company's ability to provide adequate service.

Dated this 19th day of July, 2017, at Salem, Oregon.



Patrick Power
Administrative Law Judge