



Oregon

John A. Kitzhaber, MD, Governor

January 14, 2011

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DWP-DMCE

Public Utility Commission

550 Capitol Street NE, Suite 215

Mailing Address: PO Box 2148

Salem, OR 97308-2148

Consumer Services

1-800-522-2404

Local: 503-378-6600

Administrative Services

503-373-7394

ROSE LODGE WATER COMPANY, INC.
BETTE CARTER
PO BOX 807
NEOTSU, OR 97364

CERTIFIED LETTER

RE: Rose Lodge Water Company, Inc.

Bear Creek and Boulder Creek Water Systems are rate-regulated public water utilities subject to the authority and jurisdiction of the Oregon Public Utility Commission (Commission). Rose Lodge Water Company, Inc. (Rose Lodge) is the parent company of Bear Creek and Boulder Creek Water Systems. All public water utilities are required to provide safe and adequate water service to its customers.

The purpose of this letter is to inform you that on January 20, 2011, at 2:00 p.m., Staff will present its recommendation regarding the Rose Lodge water situation to the Commission. Staff does not believe that you can fulfill your responsibilities to provide safe and adequate water service to your customers. Staff came to this conclusion based on the number of complaints, that there is no certified operator running the water system, and that customers have been and are currently without water service. Staff is recommending that a regent be appointed to temporarily manage, operate, and maintain the water systems. Customers will be instructed to make monthly payments to the regent. Expenses will be paid by the regent and a monthly stipend will be provided for you to be calculated at a later date, and any remaining revenues will be used to make repairs.

I have enclosed a copy of Staff's draft recommendation without attachments. A copy of the final recommendation with attachments will be forwarded to you on Tuesday, January 18, 2011. There will be some changes made to the draft recommendation I am sending you. For instance, a regent may be decided upon by the time the presentation is made to the Commission.

You are welcome to attend the special public meeting to discuss this with the Commissioners. The meeting is scheduled as follows:

Date: January 20, 2011
Time: 2:00 p.m.
Place: Public Utility Commission
Commission Conference Room
550 Capitol Street
Salem OR 97301



Bette Carter/Rose Lodge Water Company, Inc.

January 14, 2011

Page 2

If you have any questions regarding the ratemaking process that will take place, please feel free to contact me at 503-373-1003.

Kathy Miller
Sr. Utility Analyst
Water Program
OR Public Utility Commission
503-373-1003
kathy.miller@state.or.us

Enc.

cc without attachments:

Paul Graham, DOJ
Michael W. Grant, DOJ
Rick Willis, PUC
Marc Hellman, PUC
Michael Dougherty, PUC
Phil Boyle, PUC
Charla Muntz, PUC
Joe Carlson, DWP