



January 23, 2023

Ms. Stephanie Yamada
Senior Utility Analyst
Oregon Public Utilities Commission
PO Box 1088
Salem, Oregon 97308

Dear Ms. Yamada,

Over the past year the Metolius Meadows Property Owners Association (MMPOA) has engaged in a thorough assessment of our water system and, after engaging a civil engineer, is ready to move forward with the recommendations to make investments and to increase our water storage capacity by building an additional reservoir.

MMPOA owns the Metolius Meadows water system. The Water Board is made up of the Property Owners Association Board. When we began the process of evaluating the status of our 50 year old water system, we assembled a new Water Committee to oversee the review, and to make recommendations to the Water Board on their findings. The Water Committee recommended we move forward with the reservoir project, upgrade the remainder of the old 4" water mains to 6", and expand or fire hydrant system.

The Water Board approved the recommendations of the Water Committee and voted unanimously to move forward with those projects. As the costs of the project became known, we decided to move forward with the reservoir project now, and do the water main upgrades and fire hydrant work at a later date, and to fund those projects from continuing operations after we complete our first rate case, hopefully this year.

Our community development was originally platted and developed in the early 1970's. The original plan called for two 44,000 gallon reservoirs. The developer put in one and, for most of the past 40 plus years, that worked. Our community demographics have changed and what was primarily a second home, vacation type of community has evolved toward more of a full time homeowners community. The original reservoir is rectangular and is not earthquake ready. Additionally, during our most recent reservoir inspection last year, there are signs that the concrete is beginning to spall. The old tank will need to be drained, dried and cured before resealing it after the new reservoir is installed.

During peak water usage windows (May – October) we are now filling and emptying the available water in the reservoir 5 – 6 times per day. That leaves us with less than 4 hours of available water if our

backup systems were to fail. After the civil engineer's assessment, his recommendation was we install an additional 113,000 gallon reservoir which will give us closer to 24 hours of water storage capacity in the event of a backup system failure.

Additional benefits of the increased capacity are related to our fire readiness capabilities. Part of the reservoir design will allow us to have a dedicated fire hydrant that can refill fire tanker trucks at 1,000 gallons per minute. One thousand gallons per minute is the gold standard for fire hydrant flow. Currently we can support 350 – 450 gallons per minute. We are working closely with the Sisters/Camp Sherman Fire Department on the design and placement to best support their needs and, by extension, the needs of our water users.

At our annual property owners meeting in August we updated the homeowners on the scope of the Water Committee's evaluation of our water system and the recommendation to build an additional reservoir. We explained the process we needed to go through to file for an amendment to our water tariff. We explained the POA did not have the authority to make an assessment to the 13 off-site water users who rely on our water system, hence the need for PUC approval via the amended tariff. The homeowners, at the end of this discussion, make a motion to approve the project and voted unanimously to approve as a show of support.

We then held two town hall style meetings in the month of October and invited all the water users (including the 13 off-site water users) to present updates and respond to any questions. We also sent out a water system overview to all water users, both electronically and traditional mail for those who did not have email addresses. Part of that communication included the costs of the project and two options of how to pay. The project cost will be an estimated \$697,000. Divide \$697,000 by 157 water users and it equals \$4,435 per water user.

We offered two options to pay. First was to prepay the assessment and be done with it. The assessment would come out 30 days before the start of the project start date and be due in 30 days. The second option was to pay in installments over 10 years. The payment would be \$443.50 plus interest. The interest rate is currently at 7.01%. The installment would be paid once a year in conjunction with the homeowners' annual water bill. The bank has agreed to an annual payment. For those who may want to pay off the assessment, they would have that option once a year and the bank will re-amortize the loan for us.

We began the process of figuring out the funding by meeting originally with Business Oregon, looking for grants, loans or other infrastructure funding possibilities. Initial feedback was that our demographics did not lend themselves to forgivable loans. We are still working with them to see if we qualify for grant monies to invest in asset management tools and permitting costs. We then met with several commercial banks including the two banks we do business with in Sisters, Oregon. US Bank required the Board to personally guarantee the loan; the bank in Bend basically said no to this kind of loan, but 1st Interstate seemed to be a good fit.

Support for the project has been very good. We have been emailing information and calling homeowners who have questions. Approximately 78% of the water users in our system have indicated they will prepay the assessment in full. Approximately 22% are choosing to pay in installments to be paid once a year for 10 years in conjunction with their annual water bill.

The investment in the reservoir is to address the growth and water consumption changes to our 157 water users and to ensure we are well positioned to meet their needs for the next 50 years. The new reservoir will provide the increased storage capacity we need, and will be constructed to today's standards in being earthquake ready. The new reservoir will also give us the ability to drain, dry and reseal and recondition our old reservoir.

Because MMPOA owns the water company, we are using our property owners assets as collateral for the loan, not the water system. We have an Operation Manager's house on 11 acres that we are using as collateral.

Sincerely,

A handwritten signature in black ink, appearing to read 'SAP' followed by a long horizontal flourish.

Scott Perkins, President
MMPOA and Water Board

SCHEDULE NO. 4

RESERVOIR PROJECT SURCHARGE

Available: To customers of the Utility at Camp Sherman, Oregon, and vicinity.

Applicable: To all customers.

Metolius Meadows Water Board has recently completed a year long evaluation of our 50 year old water system. Following the recommendations of the civil engineer we hired, and having gone to the market to get competitive bids, we are now prepared to move forward with the infrastructure investment our system needs to ensure we continue to provide our water customers the outstanding water service we have in the past.

Due to growth, changing usage patterns, and the age of our system, we are moving forward with expanding and upgrading our water storage system. The new 113,000 gallon reservoir will provide us with the water we need to support usage appropriately during peak usage seasons (May - October).

Estimated Construction Total:	\$551,283
Estimated Engineering Total:	\$81,500
10% Contingency:	<u>\$63,278</u>
Total Estimated Project Cost:	\$696,061

Project to be funded by a special assessment to the 157 water users in our system.

Cost per Customer: \$4,434

We are offering two payment options:

- 1) Pre-pay the water user's share due of \$4,434
- 2) Pay in installments of one payment per year for 10 years. (Annual payment would be 1/10 of the total due plus the associated interest). Interest will be calculated using the actual rate associated with the loan secured by the Company for the purpose of funding the reservoir project.

Approximately 78% of our system's water users have opted to pre-pay.

Assessment to be issued March 1, 2023. Water users will have 30 days to make the payment or be set up on the installment plan.

Any excess funds leftover at the conclusion of the reservoir project will be credited to the Company's reserve account and used to fund necessary capital improvements in the future.

Issue Date / Filing Date	1/23/23	Effective for Service on or after	3/22/23
Issued By Utility	Metolius Meadows Property Owners Association		

SCHEDULE NO. 5

MISCELLANEOUS SERVICE CHARGES

This schedule lists the miscellaneous charges included in the Utility’s Rules and Regulations; refer to the appropriate Rules for an explanation of charges and conditions under which they apply.

Connection Charge for New Service (Rule Nos. 8 & 9)

Standard ¾-inch service	\$450
Nonstandard ¾-inch service	At cost
Larger than ¾-inch	\$450 plus additional costs
Irrigation hookup (if provided on separate system)	\$450

Meter Test (Rule Nos. 19 & 20)

First test within 12-month period	N/C
Second test within 12-month period	\$20

Pressure Test (Rule No. 39)

First test within 12-month period	N/C
Second test within 12-month period	\$20

Late-Payment Charge (Rule No. 21)

Pursuant to OAR 860-036-1400

Deposit for Service (Rule No. 5)

Pursuant to OAR 860-036-1220

Returned-Check Charge (Rule No. 22)

\$20 each occurrence

Trouble-Call Charge (Rule No. 35)

During normal office hours	\$25 per hour
After normal office hours on special request	\$35 per hour

Disconnection/Reconnect Charge (Rule Nos. 28 & 29)

During normal office hours	\$25
After normal office hours on special request	\$35

Unauthorized Restoration of Service (Rule No. 30)

Reconnection charge plus costs

Damage/Tampering Charge (Rule No. 28)

at cost

Disconnect Site-Visit Charge (Rule No. 29)

\$20

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Table of Contents

<u>Schedule No.</u>		<u>Page No.</u>
	Title Page	1
	Table of Contents	2
1	Residential Metered Rates	3
2	Commercial Flat Rates	4
3	Cross Connection Prevention Program	5
4	Reservoir Project Surcharge	6
5	Miscellaneous Service Charges	7
	Rules and Regulations	8

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