

TO:

PUBLIC UTILITY COMMISSION OF OREGON – FILING CENTER
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FROM:

ROATS WATER SYSTEM, INC.
61147 HAMILTON LANE
BEND OR 97702

BEFORE THE PUBLIC UTILITY COMMISSION OF OREGON

In the Matter of Tariffs for Water Service)
in the State of Oregon filed by) **BRIEF**
ROATS WATER SYSTEM, INC.)

Bill Roats, President of Roats Water System, Inc., (Roats) in accordance with Oregon Revised Statutes 757.205 and 757.220, herewith files tariff sheets designated as PUC Oregon No. 4, Original Tariff Sheets No. 1 through 29 to become effective for service rendered on and after July 1, 2016. It has been over 10 years since Roats has filed to increase rates.

Roats has entered into negotiations with the City of Bend for the purchase of portions of Juniper Water system previously acquired by the City of Bend. Roats will acquire approximately 821 residential customers, which is a 49.31 percent increase in domestic service. The purchase will also add 786 irrigation customers. Roats currently does not have any irrigation customers. The total of new customers (domestic and irrigation) is 1,607, or a 96.52 percent increase in customers. The transfer of ownership is scheduled for July 1, 2016, pending Commission approval of the proposed sale and approval of appropriate rates in this filing. Roats requests the Commission expedite this rate filing so rates are effective upon the transfer of ownership.

DOMESTIC SERVICE

Roats seeks to increase total annual domestic revenues from \$1,360,277 to \$1,802,530, resulting in a net increase of \$442,253 (after all adjustments) or an overall increase of 32.51 percent. This proposed revenue includes revenues of \$385,660 from the addition of Juniper Water residential customers. After deducting for operating expenses, the projected revenues will produce a 10.03 percent return on a rate base of \$3,820,141.

IRRIGATION SERVICE

Roats also seeks to establish rates for irrigation service. Roats proposes a total annual revenues of \$445,451 for irrigation. After deducting for operating expenses, the projected revenues will produce a 10.03 percent return on a rate base of \$36,745. The irrigation portion of Juniper Water which Roats is acquiring does not include any plant, it is fully depreciated. Therefore, rate base consists of working cash of \$36,745.

OTHER

Roats requests approval of a Power Cost Adjustment tariff. This Power Cost Adjustment tariff was previously approved by the Commission on August 7, 2001, to be effective August 11, 2001 (Advice No, 01-7). However, it was inadvertently left out of Roats' tariffs in Roats' last rate case UW 107, (Order No. 05-811, entered June 24, 2005). Roats seeks to have the tariff reestablished in this rate filing.

Roats does not seek changes to its Cross Connection Service fees or its Residential and Master Metered Development fees at this time.

The attached testimony summarizes Roats' financial operations, the effects of current rates on the individual classes of customers, and the effects of the proposed rates on the individual classes of all customers, current and new. The 12-month test period is October 1, 2014 through September 30, 2015 (test year).

WILLIAM ROATS
PRESIDENT
ROATS WATER SYSTEM, INC.

DATE

UTILITY COMPANY TESTIMONY

1. Q. PLEASE PROVIDE THE FOLLOWING INFORMATION REGARDING THE WATER UTILITY:

A.

Legal Name	Roats Water System Inc.		
Business Address	61147 Hamilton Ln		
City, State, Zip	Bend Oregon 97702		
Mailing Address	P.O. Box 9579, Bend Oregon 97708		
Phone Number	541-382-3029	Emergency #	541-948-2123
Fax Number	541-382-2292	Email Address	office@roatswater.com

2. Q. PLEASE PROVIDE THE FOLLOWING INFORMATION IF DIFFERENT FROM QUESTION #1.

A.

Name	William Roats		
Business Address	61147 Hamilton Ln		
City, State, Zip	Bend Ore. 97702		
Phone Number	541-382-3029	Emergency #	541-948-2123
Email Address	office@roatswater.com		

3. Q. PLEASE PROVIDE THE FOLLOWING INFORMATION REGARDING THE SYSTEM OPERATOR.

A.

Operator Name	William Roats		
Business Address	61147 Hamilton Ln		
City, State, Zip	Bend Ore. 97702		
Phone Number	541-382-3029	Email Address	office@roatswater.com
Certification Level	wd-2	Registration #	D-3250

4. Q. PLEASE PROVIDE THE FOLLOWING INFORMATION REGARDING THE WATER UTILITY ACCOUNTANT OR BOOKKEEPER.

A.

Name	Shirley Roats		
Firm	Roats Water System Inc.		
Business Address	61147 Hamilton Ln		
City, State, Zip	Bend Ore. 97702		
Phone Number	541-382-3029	Fax Number	541-382-2292
Email Address	office@roatswater.com		

5. Q. PROVIDE THE NAME, ADDRESS, AND TELEPHONE NUMBERS OF ALL THE UTILITY OWNERS.

A. The utility owners are:

Name	William Roats		
Business Address	61147 Hamilton Ln		
City, State, Zip	Bend Ore. 97702		
Phone Number	541-382-3029	Fax Number	541-382-2292
Email Address	office@roatswater.com		
Name	Shirley Roats		
Business Address	61147 Hamilton Ln		
City, State, Zip	Bend Ore. 97702		
Phone Number	541-382-3029	Fax Number	541-382-2292
Email Address	office@roatswater.com		
Name	Casey Roats		
Business Address	61147 Hamilton Ln		
City, State, Zip	Bend Ore. 97702		
Phone Number	541-382-3029	Fax Number	541-382-2292
Email Address	office@roatswater.com		

6. Q. PLEASE LIST ALL UTILITY OFFICERS AND PROVIDE THE FOLLOWING INFORMATION.

A. The utility officers are:

Legal Name	William Roats		
Title	President		
Business Address	same		
City, State, Zip			
Phone Number		Fax Number	
Email Address			

Legal Name	Casey Roats		
Title	Vice President		
Business Address	same		
City, State, Zip			
Phone Number		Fax Number	
Email Address			

Name	Shirley Roats		
Title	Sec-Treasurer		
City, State, Zip	same		
Phone Number		Fax Number	
Email Address			

7. Q. WHAT IS YOUR AFFILIATION WITH THE WATER UTILITY? DESCRIBE YOUR CURRENT WATER UTILITY DUTIES.

A. I am Bill Roats, owner and president of Roats Water System, Inc. I am the CEO, and it is my duty to oversee all the business and operations of the company.

8. Q. ARE YOU ENGAGED IN OTHER BUSINESS IN ADDITION TO THE WATER UTILITY?

- A. No, I am not currently engaged in other business.
 Yes, I have an excavation business, but the business is kept separate from the water company. The excavation company does not do any work for the water company.

9. Q. DID YOU PREPARE THE EXHIBITS IN THIS TESTIMONY OR WERE THEY PREPARED UNDER YOUR SUPERVISION?

- Yes, the exhibits in this testimony were prepared by me or under my supervision.
 No, I did not prepare the exhibits in this testimony. The exhibits were prepared by:

Legal Name	William Roats		
Title	President		
Business Address	same		
City, State, Zip			
Phone Number		Fax Number	
Email Address			

SUMMARY OF THE UTILITY’S PROPOSED RATE REQUEST

10. Q. ARE THERE UNUSUAL CIRCUMSTANCES ASSOCIATED WITH ROATS’ PROPOSED FILING.

A. Yes. Roats has entered into negotiations with the City of Bend for the purchase of portions of the Juniper Water system previously acquired by the City of Bend. Roats will acquire approximately 821 residential customers, which is a 49.31 percent increase. The purchase will also add 786 irrigation customers. Roats currently does not have any irrigation customers. The total of new customers (residential and irrigation) is 1,607, or a 96.52 percent increase in customers. The transfer of ownership is scheduled for July 1, 2016, pending Commission approval of the proposed sale and approval of appropriate rates in this filing. Roats requests the Commission expedite this rate filing so rates are effective upon the transfer of ownership.

11. Q. WHAT CHANGE IN ANNUAL REVENUES IS THE UTILITY SEEKING?

A. Roats is actually submitting two revenue requirements. The first one is for an increase of revenues for residential (including Juniper residential), commercial, and fire services, hereafter referred to as domestic service. The domestic service revenue request is discussed below. The second revenue requirement is for establishing rates for the new irrigation customers. This is discussed separately further in this application.

DOMESTIC SERVICE

Roats seeks to increase total annual domestic revenues from test year revenues of \$1,360,277 to \$1,802,530, resulting in a net increase of \$442,253 after all adjustments. This proposed revenue includes additional revenue from Juniper Water residential customers of \$385,660. This is an increase of 32.51 percent. After deducting for operating expenses, the projected revenues will produce a 10.03 percent return on a rate base of \$3,820,141.

12. Q. PLEASE SUMMARIZE WHY THE UTILITY IS SEEKING THE PROPOSED CHANGE IN DOMESTIC SERVICE RATES.

- A. This is Roats' first rate filing in 10 years. The utility is seeking changes in rates because current revenues are not covering the cost of providing service and allowing an opportunity for a reasonable return on the company's investments. Factors include additional expenses and inflation on supplies and operating costs. Also, Roats is almost doubling the number of customers it will be serving. The cost of serving the additional Juniper domestic customers must be included. In addition, Roats' capital improvements and the addition of Juniper's domestic systems need to be included in rate base. Lastly, rates must be established for the Juniper irrigation service to cover the cost of providing service and allow an opportunity for a reasonable return.

13. Q. WHAT HISTORICAL 12-MONTH PERIOD IS THE UTILITY SELECTING AS ITS TEST YEAR FOR THIS RATE PROCEEDING?

- A. The test period the utility selected is October 1, 2014 through September 30, 2015.

14. Q. WHAT IS THE UTILITY'S DOMESTIC SERVICE AMOUNT OF RATE BASE (UTILITY PLANT MINUS ACCUMULATED DEPRECIATION AND OTHER CONTRA PLANT ACCOUNTS, PLUS WORKING CASH AND MATERIALS INVENTORY)?

- A. The utility's domestic service rate base is \$3,820,141.

15. Q. WHAT RATE OF RETURN ON RATE BASE (INVESTMENT) IS THE UTILITY PROPOSING IN THIS RATE PROCEEDING AND WHY?

- A. The utility is seeking a 10.03 percent rate of return on rate base. This is a reasonable return considering the inherent internal and external risks associated with small water companies. Roats is taking on \$1.4 million in debt to purchase Juniper's systems. Roats determined this rate base by calculating the weighted cost of debt (1.95%) and the weighted cost of equity (8.07%). This rate of return (10.3 percent) is within the approved range of a reasonable return of 9.5 percent to 10.4 percent previously established by the Commission.

GENERAL UTILITY INFORMATION

16. Q. HOW IS THE UTILITY LEGALLY ORGANIZED AND IN WHAT YEAR WAS IT ORGANIZED.

- A. The water utility was legally organized in 1963 as a Corporation.

17. Q. PLEASE STATE THE YEAR THE WATER SYSTEM WAS ORIGINALLY CONSTRUCTED AND THE MONTH / YEAR IT BEGAN PROVIDING WATER SERVICE.

A. The system was originally constructed in 1963, began providing service in 1963.

18. Q. PLEASE PROVIDE THE MONTH AND YEAR THE UTILITY WAS ACQUIRED BY ITS CURRENT OWNER(S) AND HOW IT WAS ACQUIRED.

A. Roats was constructed in 1963. The current owner inherited the system.

19. Q. DO ORAL OR WRITTEN CONTRACTS EXIST BETWEEN THE UTILITY AND PERSONS AFFILIATED WITH THE COMPANY.

A. No, oral or written contracts do not exist between the utility and its owners and affiliated interests.
 Yes, PUC approved contracts do exist between the utility and its owners and affiliated interests. Approval found in PUC Order Nos. 04-233 and 13-066.

20. Q. DOES THE UTILITY HAVE A PUC APPROVED SERVICE TERRITORY?

A. No, the utility has not filed an application with PUC for an approved service territory.
 Yes, the utility's service territory was approved by the PUC, per Order No. 03-288.
 Application has been filed and is pending.

21. Q. IS THE UTILITY AN AFFILIATE OF A PARENT CORPORATION OR HOLDING COMPANY?

A. No, the utility is not a subsidiary of a parent corporation or holding company.
 Yes, the utility is a subsidiary of a parent corporation or holding company.

22. Q. HOW MANY EMPLOYEES DOES THE UTILITY CURRENTLY EMPLOY?

A. The utility currently has 7 employees.

23. Q. PROVIDE THE FOLLOWING INFORMATION FOR ALL EMPLOYEES.

A.

Employee Name	Monthly Responsibilities/Duties	Hours Per Month	Monthly Wages
William Roats	Oversee company operations	176+	\$7,920.00
Casey Roats	Operation & Maintenance Manager	176+	\$4,576.00
Shirley Roats	Sec-Treasurer	176	\$3,696.00
Mike Miller	Field maintenance	176+	\$3,608.00
Jennifer Martinez	Service Accounts & Billing	133+	\$2,128.00
Greg Carder	Full Time Service Office & Field	176	\$3,520.00
Kenneth Vaughan	Part Time Cad (mapping etc.)	10	\$300.00

24. Q. IS THE UTILITY PROPOSING TO ADD ANY FULL-OR PART-TIME EMPLOYEES WITHIN THE CONTEXT OF THIS RATE FILING OR DURING THE NEXT YEAR?

A. Yes, the utility proposes to add one full-time employee as described below:

Proposed Position	Responsibilities/Duties	Hours Per Month	Annual Salary
Field Manager	Field Operations & Maintenance	176+	\$75,000

25. Q. DOES THE UTILITY USE INDEPENDENT CONTRACTORS FOR LABOR, LEGAL, ACCOUNTING, MANAGEMENT, WATER TESTING, AND/OR ANY OTHER SERVICES?

A. Yes, the utility contracts for the following services, the proposed expenses are shown below:

Type	Independent Contractor	Description of Goods or Services	Annual Charge
Accounting	Wes Price	CPA	\$16,817.90
Legal	Neil Bryant	Attorney	\$10,311.40
Consulting	KWillis Consulting	Rate Case Consulting	\$8,400
Water Tests	Umpqua Testing	Water Testing	\$2,928
Other	Sun Country Engineering	Civil Engineer	\$346.50
Labor	Cross Connection	Technicians	\$24,745
Other	Various	Labor	\$1,124

26. Q. PROVIDE THE UTILITY’S CURRENT CAPITAL STRUCTURE?

A. The utility’s capital structure is:

Debt:	Original Balance	Outstanding Balance	Capital Structure	Cost	Weighted Cost
W.K. Roats	\$160,000	\$160,000	3.05%	7%	0.21%
City of Bend	\$1,400,000	\$1,400,000	26.73%	6.5%	1.74%
Equity:	\$3,677,568		70.22%	11.5%	8.07%
TOTAL DEBT & EQUITY	\$5,237,568		Rate of Return		10.03%

ROATS’ DOMESTIC OPERATING REVENUE REQUIREMENT

27. Q. FOR DOMESTIC SERVICES, PLEASE PROVIDE COMPLETE REVENUE REQUIREMENTS FOR 1) REVENUES, 2) OPERATING EXPENSES, 3) OTHER DEDUCTIONS, AND 4) PLANT AND RATE BASE.

A-1. Test period revenues, proposed revenue adjustments, and proposed revenue for domestic service are shown below:

REVENUES	Balance per Test Year	Proposed Company Adjustments	Adjusted Results	Revenue-Sensitive Adjustments	Total All Adjustments	Company Proposed Results
Unmetered Water Sales	0	0	0	0	0	0
Residential Water Sales	790,675	29,874	820,549	267,103	296,977	1,087,652
Commercial Water Sales	225,517	8,521	234,038	76,183	84,704	310,221
Fire Protection	14,200	0	14,200	4,797	4,797	18,997
JUNIPER RESI Timber Rdge, Tillicum, Blue & Mtn Hi	220,793	8,342	229,135	74,587	82,930	303,722
The Pines	49,651	1,876	51,527	16,773	18,649	68,299
Crown Villa	9,914	375	10,289	3,349	3,724	13,638
	0	0	0	0	0	0
	0	0	0	0	0	0
Miscellaneous Fees Income (pass thru)	539	(539)	0	0	0	0
Cell Tower/Rent from Util. Property	0	0	0	0	0	0
Cross Connection Control Revenue	48,988	(48,988)	0	0	0	0
	0	0	0	0	0	0
TOTAL REVENUE	1,360,277	(539)	1,359,738	442,792	491,780	1,802,530

Explanation of Revenues:

- The Miscellaneous Revenues were removed because they represent a pass through of costs.
- The Cross Connection Control Revenue was proportionally spread across the residential and commercial customers to give the customers the benefit of the revenues.

A.-2 The revenue requirement for domestic operating expenses for domestic and fire service is shown below:

OPERATING EXPENSES						
Salaries and Wages - Employees	94,570	95,900	190,470		95,900	190,470
Salaries and Wages - Officers	217,100	(27,409)	189,691		(27,409)	189,691
Employee Pension & Benefits	75,469	15,768	91,237		15,768	91,237
Purchased Water	0	29,353	29,353		29,353	29,353
Telephone/Communications	11,179	(1,836)	9,343		(1,836)	9,343
Purchased Power	117,321	40,019	157,340		40,019	157,340
Fuel for Power Production	0	0	0		0	0
Other Utilities	2,032	(334)	1,698		(334)	1,698
Chemical / Treatment Expense		0	0		0	0
Office Supplies	12,109	1,211	13,320		1,211	13,320
Postage	977	482	1,459		482	1,459
O&M Materials/Supplies	26,176	87,470	113,646		87,470	113,646
Repairs to Water Plant	14,848	742	15,590		742	15,590
Contract Svcs - Engineering	315	(52)	263		(52)	263
Contract Svcs - Accounting	15,289	(2,511)	12,778		(2,511)	12,778
Contract Svcs - Legal	9,374	(1,540)	7,834		(1,540)	7,834
Contract Svcs - Management Fees		0	0		0	0
Contract Svcs - Testing	5,463	(2,535)	2,928		(2,535)	2,928
Contract Svcs - Labor	1,022	102	1,124		102	1,124
Contract Svcs - Billing/Collection	19,253	9,112	28,365		9,112	28,365
Contract Svcs - Meter Reading	0	0	0		0	0
Contract Svcs - Other	8,841	884	9,725		884	9,725
Rental of Building/Real Property	97,400	(1,418)	95,982		(1,418)	95,982
Rental of Equipment		0	0		0	0
Small Tools	948	95	1,043		95	1,043
Computer/Electronic Expenses	3,659	366	4,025		366	4,025
Transportation	36,142	7,228	43,370		7,228	43,370
Vehicle Insurance	8,117	1,000	9,117		1,000	9,117
General Liability Insurance	10,891	2,739	13,630		2,739	13,630
Workers' Comp Insurance	5,906	4,433	10,339		4,433	10,339
Insurance - Other	85	0	85		0	85
Amortz. of Rate Case	0	2,127	2,127		2,127	2,127
Gross Revenue Fee (PUC)		0	0	5,408	5,408	5,408
Bad Debt Expense	0	0	0		0	0
Cross Connection Control Program	22,495	2,250	24,745		2,250	24,745
Training and Certification	1,570	658	2,228		658	2,228
Consumer Confidence Report	0	0	0		0	0
Miscellaneous Expense	13,329	(2,189)	11,140		(2,189)	11,140
Public Relations/Advertising	189	19	208		19	208
Wheeling Fee	12,589	1,259	13,848		1,259	13,848
Meter Chg Out Exp Amort 3 yrs	8,475	(5,650)	2,825		(5,650)	2,825
Other Expense 4	0	0	0		0	0
Other Expense 5	0	0	0		0	0
TOTAL OPERATING EXPENSE	853,133	257,744	1,110,877	5,408	263,151	1,116,284

Explanation of Domestic Expenses:

Roat's expenses associated with Juniper have been researched, analyzed, and separated between Juniper's domestic service and its irrigation service using the City of Bend's records. However, the City did not record data in the same manner a regulated utility would. The City's records show only field labor and parts/materials. Therefore, the relevant numbers Roats is using in its filing are the best available information. This leaves a level of uncertainty. To compensate for the uncertainty, Roats has added a 10% increase to the expenses associated with the portions of Juniper it is taking over. Roats cannot separate out Repairs to Plant; therefore, these costs are included in Salaries/Wages and O&M.

Also, there is no City records for certain normal expenses associated with running a water system, i.e., supplies, communication, accounting, legal, computer/electronic, engineering, to name a few. Roats took these test year expenses and added a 10% increase. This is a conservative estimate of the expenses Roats will incur to serve the addition of 1,607 new customers, which almost doubles Roats' number of customers. Further details regarding the domestic expenses are included below:

- Salaries and Wages are increased to add one additional employee. The annual salary of \$75,000 reflects the addition of the City of Bend's labor costs of \$73,863 for domestic service to Tillicum Village, Mountain High, Blue Ridge, Timber Ridge, The Pines, and Crown Villa (averaged over three years), allowing for a slight margin of error. All other employees' wages/salaries are increased by 22.1%, see the CPI 2005-2015 employment average increases for the Bend/Redmond area.
- Officer Salaries are also increased by 22.1%. A portion of officer salaries is allocated to irrigation.
- Employee Benefits consist of health insurance (with a 10% increase according to the insurance company), 401K match, profit sharing, and an additional 3% to include benefits for the one new employee.
- Roats will be purchasing domestic water from the City of Bend to provide water service to The Pines and Crown Villa RV Park. Purchase Water Expense has been estimated based on City of Bend's consumption records for The Pines and Crown Villa RV Park. The City's current bulk water rate is \$1.82 per 100 cf. Roats developed a separate rate design for The Pines and Crown Villa, which ensures that the cost of the purchased water is paid for by only The Pines and Crown Villa RV Park customers.
- Telephone/Communications includes phones, cells, internet, and an answering service. The annual expenses is made up of the test year's expense plus 10%, a portion is allocated to irrigation.
- The power cost for the portions of Juniper Water acquired by Roats has been allocated 30% to domestic service and 70% to irrigation service (power cost provided by the City of Bend). Purchased Power Expense consist of the test year's expense, plus 30% of the Juniper's power costs, plus 10%.
- Utilities include natural gas and garbage removal expenses. Roats' proposed annual expense is made up of the test year expense plus 10%, a portion is allocated to irrigation.
- Office Supplies is the test year expense plus 10%. Although there will be a large increase in customers, Roats is not increasing office supplies above the 10% at this time, and no portion is allocated to irrigation. Postage was increased based on the percentage of new customers times the test year expense. The annual expense is made up of the test year and the increase for new customers, plus 10%.
- O&M Materials and Supplies is made up of the test year expense, plus the three-year average cost for materials/parts (domestic service only) from the City of Bend's records, plus 10%.
- Contract Services for Engineering, Accounting, Legal, Labor, and Other Contract Services are all made up of the test year expenses plus 10% increases, portions are allocated to irrigation, with the exception of Labor and Other Contract Services.
- Billing/Collection test year expense has been increased based on the current cost per customer times the number of new customers, plus a 10% increase, a portion is allocated to irrigation.
- Building Rental has been increased to reflect the annual expense in the approved rent in the affiliated interest agreement, a portion is allocated to irrigation.
- Small Tools is the combination of the test year expense plus a 10% increase.
- Computer/Electronic Expense is a combination of the test year expense plus a 10% increase.

- Transportation is the combination of the test year expense and 20% increase to cover costs associated with the new vehicle.
- Vehicle Insurance has been increased to reflect insurance on a new vehicle for the new employee, per the insurance company’s estimate of annual cost.
- General Liability annual expense is the test year expense, plus 10% increase based on insurance company’s estimate, plus calculations for additional cost for Juniper customers.
- Workman’s Comp is updated to reflect cost associated with the 22.1% increase in current wages and the addition of a new employee.
- Amortization of Rate Case Expense is actual cost, amortized over three years, a portion is allocated to irrigation.
- Cross Connection Control Expense is the actual back flow contractor’s cost, plus a 10% increase. The remaining costs associated with this expense are embedded in wages.
- Training Expense is increased to recertify four certified operator employees at two per year, including certification fees, plus a 10% increase.
- The Consumer Confidence Report is done in-house and the cost is embedded in wages/office supplies.
- Miscellaneous Expense covers test year dues, memberships, government fees, storm water fees, bank charges, etc., plus 10%, and a portion is allocated to irrigation.
- Roats’ Public Relations/Advertising Expense and Wheeling Fee are test year actuals plus 10%.
- The Meter Change-Out Expense must be done because Juniper meters are not synced to Roats. This is a requirement of the sale of Juniper and must be completed within six months of the purchase. This is a one-time expense, and the cost has been amortized over three years.

A.-3 The revenue requirement for domestic other revenue deductions is shown below:

OTHER REVENUE DEDUCTIONS						
Depreciation Expense	136,081	0	136,081		0	136,081
Amort of Plant Acquisition Adjustment	0	0	0		0	0
Amortization Expense	0		0		0	0
Property Tax	14,759	22,738	37,497		22,738	37,497
Payroll Tax	32,189	15,720	47,909		15,720	47,909
Other	0	0	0		0	0
Federal Income Tax		0	0	54,435	54,435	54,435
Oregon Income Tax		0	0	27,315	27,315	27,315
Extraordinary Items Income Tax	0	0	0		0	0
TOTAL REVENUE DEDUCTIONS	1,036,162	296,201	1,332,363	87,158	383,359	1,419,521
NET OPERATING INCOME	324,115	(296,741)	27,375	355,634	108,421	383,009

Explanation of Other Deductions:

- Property Tax Expense is updated to reflect additional property tax of \$1,368. In addition, property tax associated with the Juniper purchase is \$21,370. The City of Bend determined this expense by using the millage rate of 15.2631 times the purchase price.

- Payroll Tax has been increased to reflect the 22.1% increase for current employees and the additional of a new position.

A.-4 The revenue requirement for domestic Plant and Rate Base is shown below:

UTILITY PLANT & RATE BASE						
Invested Utility Plant	5,847,599		5,847,599		0	5,847,599
+ CIAC	0	0	0		0	0
- Excess Capacity	0	0	0		0	0
Equals: Total Util. Plant	5,847,599	0	5,847,599	0	0	5,847,599
- Accum. Depr. Of INVESTED Plant	2,170,031		2,170,031		0	2,170,031
- Accum. Depr. Of CIAC	0	0	0		0	0
- CIAC	0	0	0		0	0
- Accum. Deferred Income Tax	0	0	0		0	0
+ Accum. Amort. Of CIAC	0	0	0		0	0
Equals: Net Invested Utility Plant	3,677,568	0	3,677,568	0	0	3,677,568
Plus: (working capital)						
+ Material & Supplies Inventory	50,000	0	50,000		0	50,000
+ Working Cash (Total Op Exp /12)	71,094	21,479	92,573		21,479	92,573
EQUALS TOTAL RATE BASE	3,798,662	21,479	3,820,141	0	21,479	3,820,141
Rate of Return	0		0			10.03%

28. Q. PLEASE PROVIDE THE DETAIL FOR ALL INDIVIDUAL LINE ITEMS THAT MAKE UP THE TOTAL REVENUES OTHER THAN WATER SALES.

A. The following is an itemized list of all revenues other than water sales:

Description of Revenue Other Than Water Sales. Please specify.	Annual Amount
Miscellaneous Fees (i.e. late fees, disconnections, field visits, etc.)	\$539
Backflow Prevention Device Services (if offered)	\$48,988

- Miscellaneous fees have been removed because they represent flow through revenues that are cost based.
- Roats proportionally allocated backflow prevention device services revenues to all residential and commercial customers in the revenue requirement to allow these customers to benefit from the net revenues paid to Roats.

29. Q PLEASE ITEMIZE THE COMPONENTS OF MISCELLANEOUS EXPENSES.

A. The following is an itemized list of all proposed miscellaneous expenses (with the 10% increase):

DESCRIPTION OF MISCELLANEOUS EXPENSES	ANNUAL COST
Industry Dues and Memberships	\$ 1,127.36
Bank Charges	\$ 11,633.88
Storm Water Fees	\$897.60
Fees-Deschutes Co, OHA, etc.	\$ 870.09
Other	\$ 133.10

ROATS' CURRENT DOMESTIC RATE SCHEDULES

30. Q. PLEASE DESCRIBE THE UTILITY'S CURRENT DOMESTIC RATE STRUCTURES.

A. The utility's current rate structure is described below:

CURRENT RATES FOR RESIDENTIAL SERVICE

Line or Meter Size	Metered or Flat	Current Residential Monthly Base or Flat Rate	Residential Consumption Included in Base Rate		Current Residential Monthly Commodity/Usage Rate
			None	Cubic Ft	
3/4" or 5/8"	Metered	\$26.80	None	Cubic Ft	\$.76 per 100 cubic ft
1"	Metered	\$32.16	None	Cubic Ft	\$.76 per 100 cubic ft
1 1/2"	Metered	\$38.59	None	Cubic Ft	\$.76 per 100 cubic ft
2"	Metered	49.50	None	Cubic Ft	\$.76 per 100 cubic ft

Residential and Commercial rates are the same.

CURRENT RATES FOR COMMERCIAL SERVICE

Line or Meter Size	Metered or Flat	Current Residential Monthly Base or Flat Rate	Residential Consumption Included in Base Rate		Current Residential Monthly Commodity/Usage Rate
			None	Cubic Ft	
3/4" or 5/8"	Metered	\$26.80	None	Cubic Ft	\$.76 per 100 cubic ft
1"	Metered	\$32.16	None	Cubic Ft	\$.76 per 100 cubic ft
1 1/2"	Metered	\$38.59	None	Cubic Ft	\$.76 per 100 cubic ft
2"	Metered	49.50	None	Cubic Ft	\$.76 per 100 cubic ft

CURRENT RATE FOR FIRE PROTECTION OR HYDRANT SERVICE

Private Hydrant Maintenance	Monthly Rate
PRIVATE 4" supply	\$5
PRIVATE 6" supply	\$11
PRIVATE 8" supply	\$15
PRIVATE 10" supply	\$25
PRIVATE 12" supply	n/a

CURRENT RATES FOR DEVELOPMENT CHARGE

The current rates for development charges are shown below. Roats is not proposing any changes to its development charges.

CURRENT RESIDENTIAL DEVELOPMENT CHARGE

CHARGE BASED ON LOT SIZE	CHARGE
Less than 4,000 sq. ft.	\$975
At least 4,000 sq. Ft., but less than 6,000 sq. ft.	\$1,375
At least 6,000 sq. ft., but less than 10,000 sq. ft.	\$1,975
At least 10,000 sq. ft., but less than 20,000 sq. ft.	\$2,675
20,000 sq. ft. or more	\$3,175

CURRENT MASTER METER DEVELOPMENT CHARGE

CHARGE BASED ON MASTER METER SIZE	CHARGE
1 inch meter – serves up to 2 households	\$1,560
1 1/2 inch meter – serves up to 4 households	\$3,120
2 inch meter – serves up to 8 households	\$6,240
3 inch meter – serves up to 12 households	\$9,360
4 inch meter – serves up to 33 households	\$25,740
6 inch meter – serves up to 67 households	\$52,260
8 inch meter – serves up to 117 households	\$91,260
10 inch meter – serves up to 183 households	\$142,740

31. Q. PLEASE PROVIDE THE FOLLOWING INFORMATION FOR EACH CUSTOMER CLASS FOR THE TEST YEAR.

A.

Customer Class	Number of Customers at Beginning of Year	Number of Customers at End of Year	Total Annual Revenues	Total Annual Consumption (not including Juniper cust)	Cubic Feet or Gal
Residential	1485	1485	\$ 790,675	32,186,552	Cubic Ft
Commercial	180	180	\$ 225,517	11,239,856	Cubic Ft
Irrigation	0	0	\$ 0	none	
SUBTOTAL	1665	1665	\$1,016,192		

Private Hydrant Main	87 hydrants	91 hydrants	\$ 14,200	none	
Public Fire Protection	0	0	\$ 0	none	
TOTAL	1665	1665	\$1,030,392	43,426,408	

ROATS' PROPOSED DOMESTIC RATE SCHEDULES

32. Q. PLEASE DESCRIBE THE RATE STRUCTURES THE UTILITY IS PROPOSING IN THIS RATE PROCEEDING?

A. The utility is proposing the following domestic service rate structures:

PROPOSED RATES FOR RESIDENTIAL SERVICE INCLUDING JUNIPER CUSTOMERS

Line or Meter Size	Metered or Flat	<u>Proposed Residential Monthly Base or Flat Rate</u>	Residential Consumption Included in Base Rate		Current Residential Monthly Commodity/Usage Rate
3/4" or 5/8"	Metered	\$36.68	None	Cubic Ft	\$1.35 per 100 cubic ft
1"	Metered	\$47.69	None	Cubic Ft	\$1.35 per 100 cubic ft
1 1/2"	Metered	\$57.23	None	Cubic Ft	\$1.35 per 100 cubic ft
2"	Metered	\$73.37	None	Cubic Ft	\$1.35 per 100 cubic ft

PROPOSED RATES FOR COMMERCIAL SERVICE

Line or Meter Size	Metered or Flat	<u>Proposed Residential Monthly Base or Flat Rate</u>	Residential Consumption Included in Base Rate		Current Residential Monthly Commodity/Usage Rate
3/4" or 5/8"	Metered	\$36.68	None	Cubic Ft	\$1.35 per 100 cubic ft
1"	Metered	\$47.69	None	Cubic Ft	\$1.35 per 100 cubic ft
1 1/2"	Metered	\$57.23	None	Cubic Ft	\$1.35 per 100 cubic ft
2"	Metered	\$73.37	None	Cubic Ft	\$1.35 per 100 cubic ft

PROPOSED RESIDENTIAL RATES FOR THE PINES & CROWN VILLA

Line or Meter Size	Metered or Flat	Proposed Residential Monthly Base or Flat Rate	Residential Consumption Included in Base Rate		Current Residential Monthly Commodity/Usage Rate
The Pines	Metered	\$17.58	None	Cubic Ft	\$1.82 per 100 cubic ft
Crown Villa	Metered	\$17.58	None	Cubic Ft	\$1.82 per 100 cubic ft

Explanation of Rates for The Pines and Crown Villa:

- Crown Villa is a RV park and The Pines is a mobile home park. The current average monthly usage per customer for both is approximately 500 cf. The current historical average monthly water use for Roats commercial customers ranges between 335-3379 cf., and the residential range is between 871-3068 cf.
- Roats will purchase water from the City of Bend at a rate of \$1.82 per 100 cf. to serve Crown Villa and The Pines. This commodity rate is higher than Roats’ consumption rate (\$1.35 per 100 c.f.) for the other domestic customers. The other domestic customers’ water service is supplied by Roat’s water sources. Crown Villa and The Pines customers’ consumption costs should reflect the actual cost of water purchased for them from the City of Bend. Also because the water is purchased for Crown Villa and The Pines, there is less infrastructure and; therefore, less cost associated with maintenance and repairs. Thus, it makes sense that The Pines and Crown Villa be charged a smaller base rate that the other domestic customers. Considering these factors, Roats is requesting a separate rate design specifically for them. This unique rate design for The Pines and Crown Villa will ensure that these customers pay an appropriate rate for their water service.

PROPOSED RATES FOR PRIVATE HYDRANT SERVICE

Private Hydrant Maintenance	Monthly Rate
PRIVATE 4" supply	\$2.74
PRIVATE 6" supply	\$6.04
PRIVATE 8" supply	\$8.39
PRIVATE 10" supply	\$13.40
PRIVATE 12" supply	\$25.36

PROPOSED RATES FOR PUBLIC FIRE PROTECTION

Public Fire Protection is a new rate. It is charged to all customers who use domestic water (residential and commercial, including Juniper customers). The purpose of this rate is to provide revenues to cover maintenance of Roats current 92 public hydrants and the addition of 36 public hydrants from Juniper. The cost per customer (monthly and annually) is stated below.

PUBLIC FIRE PROTECTION	Proposed Monthly Rate	Proposed Annual Rate
All Domestic Customers, including all residential and commercial for use of public fire hydrants	\$0.37	\$ 4.47

ROATS’ UTILITY PLANT – DOMESTIC SERVICE

33. Q. HAS THE UTILITY MADE ANY CAPITAL IMPROVEMENTS, ADDITIONS, OR EXTENSIONS TO ITS WATER SYSTEM DURING THE LAST FIVE (5) YEARS OR SINCE ITS LAST RATE CASE?

- A. No, the utility has made no improvements, additions, or extensions to its water system in the last five (5) years or since its last rate case.
- Yes**, the utility has made the following improvements, additions, or extensions to its water system in the last five (5) years or since its last rate case as detailed below:

Capital Improvement / Plant Description	Cost	Purchase Date	In-Service Date
Structures & Improvements	\$206,085.00	Jun 07-Jun14	Jun07-Jun14
Wells DRW & WSR #7	G-12526	G-3128	Jun05 & Jun06
Pumping Equipment	3 cfs	.56 cfs	Jun05-Jun14
Transmission & Distribution Mains	\$2,307,170.00	Junj05-Dec14	Jun05-Dec14
Meters & Meter Installations	\$227,150.00	Jun 11 & Jun 12	Jun 11 & Jun 12
For detail see Deprecation Schedule			

For detail see Plant/Deprecation Schedule attached separately

34. Q. DOES THE UTILITY PROPOSE ANY CAPITAL IMPROVEMENT, ADDITIONS, OR EXTENSIONS TO ITS WATER SYSTEM WITHIN THE NEXT 12 MONTHS?

- A. **No**, the utility does not propose any improvements, additions, or extensions to system plant in the next six months.
- Yes, the utility proposes the following improvements, additions, or extensions to system plant in the next six months.

Future Plant Description	Estimated Cost (including labor)	Est. Date In Service
NONE AT THIS TIME	\$	

35. Q. HAS THE UTILITY APPLIED FOR FUNDS FROM THE SAFE DRINKING WATER STATE REVOLVING FUND TO IMPROVE THE WATER SYSTEM? IF YES, DESCRIBE THE IMPROVEMENTS AND AMOUNT REQUESTED.

- A. No, the utility has not applied for funds from the Safe Drinking Water State Revolving Fund.
- Yes, the utility has applied for funds from the Safe Drinking Water State Revolving Fund.

36. Q. PLEASE PROVIDE A PLANT AND DEPRECIATION SCHEDULE.

- A. See Roats Plant and Depreciation Schedule, sent as a separate attachment.

37. Q. DOES THE UTILITY HAVE A MASTER METER AT ITS WATER SUPPLY SOURCE?

- A. No, the utility does not have a master meter at its water supply source.
- Yes, the utility has a master meter at its water supply source.

38. Q. DOES THE UTILITY HAVE THE CAPACITY AND WATER RIGHTS SUFFICIENT TO MEET OR EXCEED ITS DEMAND? PLEASE FILL OUT THE INFORMATION REQUESTED REGARDING THE UTILITY'S WATER SOURCE(S).

- A. Yes, the utility has the capacity and sufficient rights to serve its customers.

UTILITY WATER SOURCE(S)	Source 1	Source 2	Source 3	Source 4
Name / Identification of Source	Wells,3,4,9,10	Wells,3,4,9,10	Wells,3,4,9,10	Wells,5,6,7,8
Treatment Type, if any	n/a	n/a	n/a	n/a
Number of Intakes				
Fish Screening Devices				
Water Right Permit or Certification No.	G-1890	G-12526	G-3128	G-11323
Water Yield of Source Report	.66 cfs	3 cfs	.56 cfs	1.1 cfs

39. Q. PLEASE DESCRIBE THE UTILITY'S PUMPING SYSTEM FOR DISTRIBUTION, INCLUDING THE RANGE OF PRESSURE AT WHICH THE WATER IS PUMPED FROM THE SOURCE AND THE RANGE OF PRESSURE DELIVERED TO CUSTOMERS.

PUMPING SYSTEM	Source 1	Source 2	Source 3	Source 4
Pump Type & Horsepower	WSR 22.5hp	42.5 hp	70 hp	300 hp
Average Daily Demand	121450 gal	128692 gal	269280 gal	357222 gal
Annual Peak Demand	305000 gal	412599 gal	690928 gal	1211760 gal
Maximum Pumping Capacity	535680 gal	496800 gal	2855 gpm	1950 gpm
Range of Pressure at Pump	50-55 psi	75-85 psi	40-45 psi	gravity to cus
Range of Pressure at Customer Property	50-80 psi	50-80 psi	60-75 psi	65-75 psi

40. Q. DESCRIBE THE UTILITY'S WATER STORAGE CAPACITY.

A.

UTILITY TANKS / RESERVOIRS	No. 1	No. 2	No. 3	No. 4
Name or Identifying Number	DRW	Brookwood	WSR II	WSR I
Type (steel, concrete, pneumatic)	Steel	Steel	Concrete	concrete
Capacity	3 million	320000	90000	30000
Ground or Elevated	ground	ground	ground	ground
Date Installed	2006	1988	1974	1972
Present Condition	excellent	very good	good	good

IRRIGATION SERVICE

41. Q. PLEASE SUMMARIZE ROAT'S FILING FOR IRRIGATION RATES AND PROVIDE ROATS REVENUE REQUIREMENT FOR 1) REVENUES, 2) OPERATING EXPENSES, 3) OTHER DEDUCTIONS, AND 4) PLANT AND RATE BASE.

A. Roats seeks to establish rates for irrigation. Roats proposes a total annual revenues of \$445,451 for irrigation. After deducting for operating expenses, the projected revenues will produce a 10.03 percent return on a rate base of \$36,745. The irrigation portion of Juniper Water which Roats will acquire does not include any plant. Juniper's irrigation plant is fully depreciated; therefore, rate base consists of only working cash.

A.-1. The irrigation proposed revenue requirement for revenues is shown below:

REVENUES	Balance per Application	Proposed Company Adjustments	Proposed Company Totals	Revenue-Sensitive Adjustments	Proposed Results
JUNIPER Irrigation	\$ -	\$ 270,292	\$ 270,292	\$ 129,151	\$ 399,443
JUNIPER Irrig - Common Areas	\$ -	\$ 31,132	\$ 31,132	\$ 14,876	\$ 46,008
TOTAL REVENUE	\$ -	\$ 301,425	\$ 301,425	\$ 144,026	\$ 445,451

A.-2. The irrigation revenue requirement for irrigation service operating expenses is shown below:

OPERATING EXPENSES					
Salaries and Wages - Employees	\$ -		\$ -		\$ -
Salaries and Wages - Officers	\$ -	\$ 59,975	\$ 59,975		\$ 59,975
Employee Pension & Benefits	\$ -	\$ -	\$ -		\$ -
Purchased Water	\$ -	\$ 41,740	\$ 41,740		\$ 41,740
Telephone/Communications	\$ -	\$ 2,954	\$ 2,954		\$ 2,954
Purchased Power	\$ -	\$ 79,641	\$ 79,641		\$ 79,641
Fuel for Power Production	\$ -	\$ -	\$ -		\$ -
Other Utilities	\$ -	\$ 537	\$ 537		\$ 537
Chemical / Treatment Expense	\$ -	\$ -	\$ -		\$ -
Office Supplies	\$ -	\$ -	\$ -		\$ -
Postage	\$ -	\$ 1,339	\$ 1,339		\$ 1,339
O&M Materials/Supplies	\$ -	\$ 101,363	\$ 101,363		\$ 101,363
Repairs to Water Plant	\$ -	\$ -	\$ -		\$ -
Contract Svcs - Engineering	\$ -	\$ 83	\$ 83		\$ 83
Contract Svcs - Accounting	\$ -	\$ 4,040	\$ 4,040		\$ 4,040
Contract Svcs - Legal	\$ -	\$ 2,477	\$ 2,477		\$ 2,477
Contract Svcs - Management Fees	\$ -	\$ -	\$ -		\$ -
Contract Svcs - Testing	\$ -		\$ -		\$ -
Contract Svcs - Labor	\$ -	\$ 109,810	\$ 109,810		\$ 109,810
Contract Svcs - Billing/Collection	\$ -	\$ 7,174	\$ 7,174		\$ 7,174
Contract Svcs - Meter Reading	\$ -	\$ -	\$ -		\$ -
Contract Svcs - Other	\$ -	\$ -	\$ -		\$ -
Rental of Building/Real Property	\$ -	\$ 24,275	\$ 24,275		\$ 24,275
Rental of Equipment	\$ -	\$ -	\$ -		\$ -
Small Tools	\$ -	\$ -	\$ -		\$ -
Computer/Electronic Expenses	\$ -	\$ -	\$ -		\$ -
Transportation	\$ -	\$ -	\$ -		\$ -
Vehicle Insurance	\$ -	\$ -	\$ -		\$ -
General Liability Insurance	\$ -	\$ -	\$ -		\$ -
Workers' Comp Insurance	\$ -	\$ -	\$ -		\$ -
Insurance - Other	\$ -	\$ -	\$ -		\$ -
Amortz. of Rate Case	\$ -	\$ 673	\$ 673		\$ 673
Gross Revenue Fee (PUC)	\$ -		\$ 904	432	\$ 1,336
Bad Debt Expense	\$ -	\$ -	\$ -		\$ -
Cross Connection Control Program	\$ -	\$ -	\$ -		\$ -
Training and Certification	\$ -	\$ -	\$ -		\$ -
Consumer Confidence Report	\$ -	\$ -	\$ -		\$ -
Miscellaneous Expense	\$ -	\$ 3,522	\$ 3,522		\$ 3,522
Other Expense 1	\$ -	\$ -	\$ -		\$ -
Other Expense 2	\$ -	\$ -	\$ -		\$ -
Other Expense 3	\$ -	\$ -	\$ -		\$ -
Other Expense 4	\$ -	\$ -	\$ -		\$ -
Other Expense 5	\$ -	\$ -	\$ -		\$ -
TOTAL OPERATING EXPENSE	\$ -	\$ 329,577	\$ 440,508	\$ 432	\$ 440,940

Explanation of Irrigation Expenses

Roat’s expenses associated with Juniper have been researched, analyzed, and calculated using the City of Bend’s records. However, the City did not record data in the same manner a regulated utility would. The City’s records show only field labor and parts/materials. Therefore, the relevant numbers Roats is using are the best available information. This leaves a level of uncertainty. To compensate for the uncertainty, Roats

has added a 10% increase to the expenses associated with the portion of Juniper it is taking over. Roats cannot separate out Repairs to Plant; therefore, these costs are included in Salaries/Wages and O&M.

Also, there are no City records for certain normal expenses associated with running a water system, i.e., supplies, communication, accounting, legal, computer/electronic, engineering, to name a few. Roats took these test year expenses and added a 10% increase.

- Roats has chosen to use contract labor for irrigation service. The cost of labor is documented in the City of Bend's records of \$99,827. It is a three-year average. Roats added 10% for uncertainty.
- The officer wages are an allocation and based on the cost per customer plus a raise of 22.1% (see CPI 10-year increase in employment for Bend/Redmond area).
- The power cost for irrigation is made up of both actual and allocated cost. Tillicum Village's irrigation power is metered and actual cost is \$12,400 annually. The rest of Juniper's domestic and irrigation power costs of \$85,715 is allocated because they use a single meter. It was allocated at 30% to domestic service and 70% to irrigation service based on our best guess on the relative power requirements of each group.
- The additional Postage Expense for irrigation customers is based on the Roats' test year annual postage cost per customer times the number of customers.
- O&M Materials and Supplies Expense is a three-year average from the City of Bend's records, plus 10% for uncertainty.
- Engineering, Accounting, Legal, Billing & Collection Expenses are all allocations calculated using the cost per customer times the number of customers, plus a 10% increase.
- Building Rental Expense is allocation by calculating the cost per customer times the number of customers.
- The Amortization of Rate Case Expense portion to irrigation is allocated on the same premise, cost per customer times the number of customers, then amortized over three years.
- Miscellaneous Expense is again allocated the same as the other allocated expenses.

A.-3. The irrigation revenue requirement for other deductions is shown below:

OTHER REVENUE DEDUCTIONS					
Depreciation Expense	\$ -	\$ -	\$ -		\$ -
Amort of Plant Acquisition Adjustment	\$ -	\$ -	\$ -		\$ -
Amortization Expense	\$ -	\$ -	\$ -		\$ -
Property Tax	\$ -	\$ -	\$ -		\$ -
Payroll Tax	\$ -	\$ -	\$ -		\$ -
Other	\$ -	\$ -	\$ -		\$ -
Federal Income Tax	\$ -		\$ -	556	\$ 556
Oregon Income Tax	\$ -		\$ -	279	\$ 279
Extraordinary Items Income Tax	\$ -	\$ -	\$ -		\$ -
TOTAL REVENUE DEDUCTIONS	\$ -	\$ 335,314	\$ 440,508	\$ 1,268	\$ 441,775
NET OPERATING INCOME	\$ -	\$ (98,031)	\$ (139,083)	\$ 142,759	\$ 3,676

- There is no Depreciation Expense because there is no value to the plant associated with the irrigation service purchased, it is fully depreciated.

A.-4. The irrigation revenue requirement for plant and rate base is shown below:

UTILITY PLANT & RATE BASE					
Utility Plant Invested by Company	\$ -	\$ -	\$ -		\$ -
+ Contributions in Aid of Construction	\$ -	\$ -	\$ -		\$ -
- Excess Capacity	\$ -	\$ -	\$ -		\$ -
Equals: Total Utility Plant	\$ -	\$ -	\$ -	\$ -	\$ -
- Accum. Depreciation--Invested Plant	\$ -	\$ -	\$ -		\$ -
- Accum. Depreciation--CIAC	\$ -	\$ -	\$ -		\$ -
- Contributions in Aid of Construction	\$ -	\$ -	\$ -		\$ -
- Accumulated Deferred Income Tax	\$ -	\$ -	\$ -		\$ -
+ Accum. Amortization of CIAC	\$ -	\$ -	\$ -		\$ -
Equals: Net Invested Utility Plant	\$ -	\$ -	\$ -	\$ -	\$ -
Plus: (working capital)					\$ -
Materials and Supplies Inventory	\$ -	\$ -	\$ -		\$ -
Working Cash (Total Op Exp /12)	\$ -	\$ 27,943	\$ 36,709	\$ 36	\$ 36,745
TOTAL RATE BASE	\$ -	\$ 27,465	\$ 36,709	\$ 36	\$ 36,745
Rate of Return	0.00%		-378.88%		10.03%

- Rate Base consists of Working Cash only as there is no value assigned to the irrigation plant.
- This is the first time Roats will be providing irrigation service. Because customers are not metered, Roats believed that a flat rate is the most reasonable rate design at this time. In the future, with the installation of meters and accurate consumption history, a base rate with a commodity rate may be considered.

ROATS' PROPOSED IRRIGATION RATE SCHEDULES

42. Q. PLEASE DESCRIBE THE IRRIGATION RATE STRUCTURE THE UTILITY IS PROPOSING IN THIS RATE PROCEEDING?

A. The utility is proposing the following irrigation rate structure:

PROPOSED FLAT RATES FOR IRRIGATION SERVICE

# of Customers	Metered or Flat	<u>Proposed</u> Monthly Irrigation Flat Rate	Current Residential Monthly Commodity/Usage Rate (spread over 12 months)
786	Flat	47.23	Flat rate has no commodity rate

43. Q. IF THE UTILITY'S RATE PROPOSAL WERE ADOPTED, PLEASE SHOW THE FOLLOWING INFORMATION FOR EACH CUSTOMER CLASS AT THE SPECIFIED METER OR LINE SIZE.

A. Roats PROPOSED number of customers and average customer monthly bill are shown below. The proposed total consumption for residential/commercial customers is based on a 2-year average of Roats' current customer consumption for 2014 and 2015, and consumption for that portion of Juniper that Roats' is purchasing from the City of Bend's records. However, Juniper's customer usage was not recorded by line size; therefore, it is impossible to separate the total residential/commercial consumption by line size.

Customer Class	PROPOSED Number of Customers	PROPOSED Average Monthly Bill	PROPOSED Average Monthly Estimated Consumption in cf	PROPOSED Total Annual Revenue
Residential & Commercial 5/8" or 3/4"	1897	\$53.86	n/a	\$1,226,025.64
Residential & Commercial Residential 1"	264	\$96.93	n/a	\$307,079.72
Residential & Commercial Residential 1 1/2"	46	\$174.12	n/a	\$96,114.78
Residential & Commercial Residential 2"	23	\$262.23	n/a	\$72,375.12
Subtotal-Not including The Pines and Crown Villa			49,146,004	\$1,701,595.26
The Pines	196	\$26.67	1,176,000	\$62,733.57
Crown Villa RV	60	\$26.67	360,000	\$19,204.16
Subtotal The Pines and Crown Villa			1,536,000	\$81,937.73
TOTAL PROPOSED CONSUMPTION FOR ALL RESI & COMMERCIAL DOMESTIC SERVICE			50,682,004	\$1,783,533
Irrigation	786	\$47.23	n/a	\$445,451
Private Fire Protection				
4" Supply	0	\$2.74	n/a	\$0.00
6"	45	\$6.04	n/a	\$3,260.67
8"	46	\$8.39	n/a	\$4,633.05
10"	0	\$13.40	n/a	\$0.00
12"	0	\$25.36	n/a	\$0.00
Public Fire Protection	2,486	\$0.37	n/a	\$11,103.26

SERVICE QUALITY

44. Q. PLEASE DESCRIBE THE TYPE AND NUMBER OF SERVICE PROBLEMS AND CUSTOMER COMPLAINTS THE UTILITY HAS EXPERIENCED IN THE LAST YEAR. DESCRIBE ANY ACTION TAKEN BY THE UTILITY TO RESOLVE THE PROBLEMS.

- A. No, the Utility has not experienced any service problems or customer complaints in the last year.
 Yes, the Utility has experienced service problems and/or customer complaints as listed below and has taken the following steps to correct or improve them:

45. Q. DOES THE UTILITY HAVE ANY CURRENT SERVICE PROBLEMS THAT IT PROPOSES TO CORRECT OR IMPROVE IN THE NEXT CALENDAR YEAR?

- A. No, the utility does not have any service problems that it proposes to correct/improve during the next calendar year.
 Yes, the utility has service problems that it proposes to correct or improve during the next calendar year as described below:

46. Q. DOES THE UTILITY ROUTINELY FLUSH ITS WATER LINES? IF SO, GIVE THE DATES AND TIMES FLUSHING OCCURS.

- A. No, the utility does not have a regular flushing schedule.
 Yes, the utility regularly flushes its lines annually.

47. Q. ARE THE CUSTOMERS AWARE OF THE UTILITY ROUTINE FLUSHING SCHEDULE, DATE AND TIME?

- A. No, the utility has not notified the customers of its regular flushing schedule.
 Yes, the utility informs the customers of its regular flushing schedule.

48. Q. DOES THE UTILITY HAVE ANY FIRE HYDRANTS? IF YES, PLEASE LIST HOW MANY, HOW MANY FEET APART ARE THEY, AND THE UTILITY'S HYDRANT MAINTENANCE SCHEDULE (INCLUDING EXERCISING VALVES). WHAT IS THE UTILITY'S FIRE INSURANCE RATING?

- A. No, the utility does not have any fire hydrants.

- Yes, the utility does have fire hydrants. There are 219 hydrants (including private, public, and Juniper hydrants) located 500 up to 2,000 feet apart. The utility’s fire insurance rating is ISO Class 3.

Hydrants	Roats Public	Juniper	Roats Private	Total Hydrants
	92	36	91	219

49. Q. IS THE UTILITY CURRENT IN ALL OF THE OREGON DEPARTMENT OF HUMAN SERVICES DRINKING WATER PROGRAM (DWP) REQUIREMENTS? IF NOT, PLEASE DESCRIBE THE REQUIREMENTS THE UTILITY HAS NOT COMPLIED WITH.

- A. Yes, the utility is current in all its DWP requirements.
 No, the utility is not current all its DWP requirements. It has not complied with _____

50. Q. IF YOU HAVE FEWER THAN 200 TOTAL CUSTOMERS, PLEASE ATTACH A CURRENT AND COMPLETE CUSTOMER MAILING LIST. INCLUDE EACH CUSTOMER’S NAME AND MAILING ADDRESS.

- A. I have over 200 customers.
 I have fewer than 200 customers and have attached a customer mailing list.

51. Q. IS THE UTILITY ESTABLISHING NEW RULES OR PROPOSING CHANGES TO ITS CURRENT RULES?

- A. The utility is proposing to establish new rules.
 The utility is not proposing any rule changes.
 The Utility is proposing to change the following rules (include rule number and a summary of the proposed changes).

52. Q. WOULD YOU LIKE TO TESTIFY REGARDING OTHER ISSUES?

- A. No.
 Yes, I would like to testify further.

53. Q. PLEASE DISCUSS ROATS UNIQUE CHARACTERISTIC?

A. Roats has a unique characteristic in that amid the residential customers there are numerous commercial business customers. Due to the mixture of residential and commercial premises, the area has a large amount of road construction, i.e. road replacement, repaving, roundabouts, overpasses, and road relocation. This results in Roats installing or moving water lines more often than the average water utility. This type of work doesn't follow any regular schedule; therefore, capital expenditures vary from year to year.

54. Q. DOES THIS CONCLUDE YOUR TESTIMONY?

A. Yes.

DOMESTIC SERVICE

Roats seeks to increase total annual domestic revenues from \$1,360,277 to \$1,802,530, resulting in a net increase of \$442,253 (after all adjustments) or an overall increase of 32.51 percent. This proposed revenue includes revenues of \$385,660 from the addition of Juniper Water residential customers. After deducting for operating expenses, the projected revenues will produce a 10.03 percent return on a rate base of \$3,820,141.

IRRIGATION SERVICE

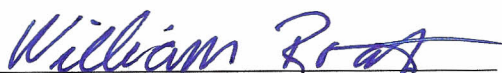
Roats also seeks to establish rates for irrigation service. Roats proposes a total annual revenues of \$445,451 for irrigation. After deducting for operating expenses, the projected revenues will produce a 10.03 percent return on a rate base of \$36,745. The irrigation portion of Juniper Water which Roats is acquiring does not include any plant, it is fully depreciated. Therefore, rate base consists of working cash of \$36,745.

OTHER


Roats requests approval of a Power Cost Adjustment tariff. This Power Cost Adjustment tariff was previously approved by the Commission on August 7, 2001, to be effective August 11, 2001 (Advice No. 01-7). However, it was inadvertently left out of Roats' tariffs in Roats' last rate case UW 107, (Order No. 05-811, entered June 24, 2005). Roats seeks to have the tariff reestablished in this rate filing.

Roats does not seek changes to its Cross Connection Service fees or its Residential and Master Metered Development fees at this time.

The attached testimony summarizes Roats' financial operations, the effects of current rates on the individual classes of customers, and the effects of the proposed rates on the individual classes of all customers, current and new. The 12-month test period is October 1, 2014 through September 30, 2015 (test year).



WILLIAM ROATS
PRESIDENT
ROATS WATER SYSTEM, INC.



DATE

**Containing Rules and Regulations
Governing Water Utility Service**

NAMING RATES FOR

ROATS WATER SYSTEM, INC.

**61147 HAMILTON LANE
BEND OR 97702**

541-382-3029

**Serving water in the vicinity of
BEND, OREGON**

Issue Date	ROATS WATER SYSTEM, INC.	Effective for services on and after	July 1, 2016
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SCHEDULE NO. 1

RESIDENTIAL & COMMERCIAL METERED RATES

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

Applicable: To residential and commercial premises (with the exception of The Pines and Crown Villa).

Residential and Commercial Base Rate

Service Meter Size	Monthly Base Rate	Usage Allowance	Unit of Measure
5/8 or 3/4 inch	\$36.68	None	cubic feet
1 inch	\$47.69	None	cubic feet
1½ inches	\$57.23	None	cubic feet
2 inches	\$73.37	None	cubic feet

Multi-Residential / Multi-Commercial Metered Rates

Service Meter Size	Monthly Base Rate	Usage Allowance	Unit of Measure
Includes all meters	\$36.68	None	cubic feet

Commodity Usage Rate

Commodity Rate		Number of Units	Unit of Measure	Base Usage Allowance	
\$1.35	Per	100	cubic feet	Above	None

Special Provisions:

1. These rates are based on continuous service. Discontinuation of service may not be employed to avoid monthly charges for service. See Rule No. 28, Voluntary Discontinuance.
2. Water used during the construction of buildings, etc., shall be metered. Charges shall be made at the rates specified in this schedule. When setting of a meter is impracticable, the amount of water used shall be estimated, and the charges shall be made at specified rates for the amounts so estimated.
3. A franchise fee of 3% of gross monthly water sales to the City of Bend residents shall be charged to the City of Bend residents. This fee is applicable to City of Bend residents only and will be charged monthly.

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SCHEDULE NO. 2

RESIDENTIAL & COMMERCIAL METERED RATES
SPECIFICALLY FOR THE PINES AND CROWN VILLA

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

Applicable: To residential and commercial premises of The Pines and Crown Villa.

Residential and Commercial Base Rate

Service Meter Size	Monthly Base Rate	Usage Allowance	Unit of Measure
The Pines ¾ x 5/8 inch	\$17.58	None	cubic feet
Crown Villa ¾ x 5/8 inch	\$17.58	None	cubic feet

Commodity Usage Rate

Commodity Rate		Number of Units	Unit of Measure	Base Usage Allowance
\$1.82	Per	100	cubic feet	None

Special Provisions:

1. These rates are based on continuous service. Discontinuation of service may not be employed to avoid monthly charges for service. See Rule No. 28, Voluntary Discontinuance.
2. Water used during the construction of buildings, etc., shall be metered. Charges shall be made at the rates specified in this schedule. When setting of a meter is impracticable, the amount of water used shall be estimated, and the charges shall be made at specified rates for the amounts so estimated.
3. A franchise fee of 3% of gross monthly water sales to the City of Bend residents shall be charged to the City of Bend residents. This fee is applicable to City of Bend residents only and will be charged monthly.

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SCHEDULE NO. 3
IRRIGATION FLAT RATE

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

Applicable: To residential, commercial, and common areas receiving irrigation service.

Irrigation Flat Rate

Flat Rate per Month for 12 Months per Calendar Year
\$47.23

Special Provisions:

4. These rates are based on continuous service. Discontinuation of service may not be employed to avoid monthly charges for service. See Rule No. 28, Voluntary Discontinuance.
5. Water used during the construction of buildings, etc., shall be metered. Charges shall be made at the rates specified in this Schedule No. 1. When setting of a meter is impracticable, the amount of water used shall be estimated, and the charges shall be made at specified rates for the amounts so estimated.
6. A franchise fee of 3% of gross monthly water sales to the City of Bend residents shall be charged to the City of Bend residents. This fee is applicable to City of Bend residents only and will be charged monthly.

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SCHEDULE NO. 4

CROSS CONNECTION CONTROL PROGRAM
BACKFLOW PREVENTION DEVICE SERVICE FEES

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

Applicable: To residential and commercial/industrial premises with backflow prevention devices installed at the meter.

PURPOSE

Roats Water System, Inc. offers backflow prevention device testing to customers who own backflow prevention devices.

ENROLLMENT

Current Customers: Roats Water System, Inc. will enroll in this program all existing customers with backflow prevention devices installed at the meter. Roats Water System, Inc. will also provide such customers with an Opt-Out Notice that is effective if signed and returned to the company within 30 days of receipt of notice.

New Customers: Roats Water System, Inc. will provide each new customer a form on which the customer can either select Roats Water System, Inc. to test their device(s) or opt out of Roats’ testing program in favor of selecting another tester. New customers will be allowed 30 days to return the Opt-Out Notice to Roats. If no affirmative selection is made the customer defaults into the Company’s program.

PROGRAM DESCRIPTION

The service plans includes the required annual testing of backflow prevention devices by a state certified tester pursuant to Oregon Administrative Rules (OAR) 333-061-0070 through OAR 333-061-0072.

Roats Water System, Inc. offers two payment options for backflow prevention device testing services provided by the Company:

1. \$2.50 monthly charge – All customers enrolled in the program.
2. \$45.00 one-time charge – Customers who opt out and then fail to meet testing requirements by default choose Roats Water System, Inc. Customers are then enrolled in the \$2.50/month plan for the next year’s test.

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SCHEDULE NO. 4 (Continued)

CROSS CONNECTION CONTROL PROGRAM
BACKFLOW PREVENTION DEVICE SERVICE FEES

SPECIAL PROVISIONS

General:

1. The customer is under no obligation to use the Company’s backflow prevention device testing services.
2. The customer can choose any qualified company or individual to test his/her backflow prevention device.
3. The Company will provide each current customer with notification of the backflow prevention testing service. This notification shall include an opt-out option for Roats’ service.
4. The Company will provide each new customer a form on which the customer selects Roats Water System, Inc. to test their device(s) or opts out of Roats Water System, Inc.’s testing program in favor of selecting another qualified tester. The customer will default to the Company’s program if no selection is made.
5. All customer who choose not to use Roats Water System, Inc.’s backflow prevention services must sign the written opt-out option and return it to Roats Water System, Inc. within 30 days upon receipt of the Company notification.
6. Customers who choose not to use Roats Water System, Inc.’s backflow prevention services must notify Roats Water System, Inc. of the name of the company or individual chosen to perform the test and the date the backflow test is scheduled.
7. Roats Water System, Inc. will contact all opt-out customers each spring, giving them 60 days’ notice to have their device tested and the paperwork submitted to Roats Water System, Inc.’s office to remain in compliance with the opt-out option.
8. Customers who use the opt-out option but fail to submit the test report by the due date will be placed in the \$2.50 monthly plan and, by default, Roats Water System, Inc. will test the backflow device.
9. Roats will separately itemize the backflow prevention device service fee on customer bills.

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SCHEDULE NO. 4 (Continued)

CROSS CONNECTION CONTROL PROGRAM
BACKFLOW PREVENTION DEVICE SERVICE FEES

10. Customers will be given the choice of accepting or rejecting a new agreement in advance of any rate increase.

BILLING RATES

THE \$2.50 MONTHLY CHARGE

This option includes testing on customer-owned backflow devices installed with the water meter. Annual tests are automatically scheduled at the customer's convenience prior to the annual backflow prevention device testing deadline. The customer will be billed \$2.50 per month as a separate line item on the customer's monthly water bill.

The agreement will automatically renew annual unless the customer notifies Roats Water System, Inc. in writing 15 days prior to termination that he/she wishes to opt out of the contract. Customers may withdraw from this contract at any time with a 5-day written notice to Roats Water System, Inc.

THE \$45.00 ONE-TIME CHARGE

This charge applies to customers who opt out, but fail to submit the test report by the due date. Testing of the backflow device defaults to Roats Water System, Inc.

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SCHEDULE NO. 5

RESIDENTIAL/MULTI UNIT RESIDENTIAL DEVELOPMENT CHARGE

Applicable: For residential development.

RESIDENTIAL DEVELOPMENT CHARGE (Rule 10)

CHARGE BASED ON LOT SIZE	CHARGE
Less than 4,000 sq. ft.	\$975
At least 4,000 sq. ft., but less than 6,000 sq. ft.	\$1,375
At least 6,000 sq. ft., but less than 10,000 sq. ft.	\$1,975
At least 10,000 sq. ft., but less than 20,000 sq. ft.	\$2,675
20,000 sq. ft. or more	\$3,175

MASTER METER DEVELOPMENT CHARGE (Rule 10)

CHARGE BASED ON MASTER METER SIZE	CHARGE
1 inch meter – serves up to 2 households	\$1,560
1 1/2 inch meter – serves up to 4 households	\$3,120
2 inch meter – serves up to 8 households	\$6,240
3 inch meter – serves up to 12 households	\$9,360
4 inch meter – serves up to 33 households	\$25,740
6 inch meter – serves up to 67 households	\$52,260
8 inch meter – serves up to 117 households	\$91,260
10 inch meter – serves up to 183 households	\$142,740

For development projects with household counts falling between the above meter count range, the Master Meter Development Charge will be prorated at \$780 per household.

Example: 20 household = 4 inch meter
 20 x \$780 = \$15,600

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SCHEDULE NO. 6

PRIVATE FIRE SERVICE RATES

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

Applicable: To customers with water hydrants located on their private property.

Base Charge Per Month: Dependent upon the size of service installed. The customer is billed for each hydrant located on his/her private property.

Private Fire Service Rate

SERVICE METER SIZE	MONTHLY BASE RATE
4 inch supply	\$2.74
6 inch supply	\$6.04
8 inch supply	\$8.39
10 inch supply	\$13.40
12 inch supply	\$25.36

Special Provisions:

1. These rates are based on continuous service. Discontinuation of service may not be employed to avoid monthly charges for service. See Rule No. 27, Voluntary Discontinuance.

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SCHEDULE NO. 7

PUBLIC FIRE SERVICE RATES

Available: To all customers of the Utility at Bend, Oregon, and vicinity.

Applicable: To all residential and commercial customers.

Public Fire Service Rate

	MONTHLY CHARGE
All commercial/residential customers	\$0.37

Special Provisions:

1. These rates are based on continuous service. Discontinuation of service may not be employed to avoid monthly charges for service. See Rule No. 28, Voluntary Discontinuance.

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SCHEDULE NO. 8

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 No. 9)

Standard ¾-inch service	At cost
Nonstandard ¾ inch service	At cost
Larger than ¾-inch	At cost
Irrigation hookup (if provided on separate system)	At cost

Connection Fire Flow Charge	\$1.00 per sq. ft. measured by building outside dimensions
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Meter Test (Rule No. 22)

First test within 12-month period	N/C
Second test within 12-month period	\$35

Pressure Test (Rule No. 42)

First test within 12-month period	N/C
Second test within 12-month period	\$35

Late-Payment Charge (Rule No. 23)

Charged on amounts more than 30 days past due	Pursuant to OAR 860-036-0130 (as of 1/1/16 – 1.8%)
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Deposit for Service (Rule No. 5)

Pursuant to OAR 860-036-0040(2)	Pursuant to OAR 860-036-0050 (as of 1/1/16 – 0.1%)
---------------------------------	--

Returned-Check Charge (Rule No. 25)

\$20

Credit Card Payment

\$1.20 per transaction

Trouble-Call Charge (Rule No. 38)

During normal office hours	\$50 per hour
After normal office hours on special request	\$75 per hour

Disconnection Charge (Rule Nos. 30 & 31)

During normal office hours	\$20
After normal office hours on special request	\$50

Unauthorized Restoration of Service (Rule No. 32)

Reconnection charge plus costs

Damage/Tampering Charge (Rule No. 36)

At cost

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SCHEDULE NO. 8 (continued)

MISCELLANEOUS SERVICE CHARGES

Field Visit Charge (Rule No. 31)

\$25

Backflow Prevention Device Repairs (Rule No. 45)
(For customers not on the backflow prevention plan)

Materials – at cost
Labor - \$50 per hour

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SCHEDULE NO. 9

POWER COST ADJUSTMENT

Schedule 8 is an “Automatic Adjustment Clause” as defines in ORS 757.210(b). The Automatic Adjustment Clause is subject to an annual review by the Commission. This tariff establishes an automatic cost adjustment mechanism for changes in the Company’s purchased power costs as a result of changes in the power rates charged by the Company’s power supplier(s).

Purpose: To define procedures for periodic revisions in rates due to changes in the Company’s purchased power costs, describes how a rate change for purchased power is calculated, and to identify any other requirements.

Purchased Power Cost Adjustment

Changes under the applicable schedule are subject to increases or decreases that may be made without prior hearing, to reflect increases or decreases in the Company’s purchased power costs resulting from adjustments in the rates charged to the Company by the Company’s power supplier(s)

The Company may file for periodic purchased power cost adjustment to be effective upon the date the power supplier implements rate changes. If the Company chooses to file for such increases, then it is also obligated to file for decrease in such costs.

Power Cost Adjustment Calculation

A power cost adjustment will be calculated as follows: Current power rate (per 100 cf of water) X percentage increase X power supplier’s allocator = \$power cost adjustment (per 100 cf of wager). For example: If PP&L provides 51.58% of Roats’ electric power for domestic water, then a 30% rate increase by PP&L would result in the following power cost increase: $$(0.166) (0.30) (0.5158) = \$0.0257/100\text{ cf}$

Other Requirements

The Company will, whenever possible, utilize its pumping operations at off-peak times, in order to promote energy conservation. In connection with this condition, the Company shall advantage itself and its customers by adopting time-of-day usage of electric power from commodity power suppliers who offer such a conservation tariff.

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RULES AND REGULATIONS

Rule 1: Jurisdiction of the Commission

The Rules and Regulations herein shall be subject to the rules and regulations of the Public Utility Commission of Oregon.

Rule 2: Definitions

- A. **“Utility” shall mean ROATS WATER SYSTEM, INC.**
- B. “Applicant” shall mean any person, business, or organization that applies for service or reapplies for service at a new existing location after service has been discontinued, except as noted in the definition of “Customer.”
- C. “Commission” shall mean the Public Utility Commission of Oregon.
- D. “Customer” shall mean any person, business, or organization who has applied for, been accepted to receive, or is currently receiving service. A customer who voluntarily discontinues service at the same or different premises within 20 (twenty) days after discontinuance retains customer status.
- E. “Residential customer premises” shall mean any dwelling and its land including, but not limited to, a house, apartment, condominium, townhouse, cottage, cabin, mobile home, or trailer house.
- F. “Commercial customer premises” shall mean any premises at which a customer carries on any major activity of gaining a livelihood or performing a public service. Such activity may be of a business, industrial, professional, or public nature.
- G. “Main” shall mean the pipe laid in the street, alley, or other right-of-way for the distribution of water to customers. It shall not include service lines.
- H. “Service connection” shall mean the pipe, stops, fittings, meter, and meter box laid from the main to the property line of the premises served.
- I. “Customer Service line” shall mean the pipe, stops, and fittings leading from the property line to the premises served.
- J. Point of Delivery is the property line or the outlet swivel/union of the meter defining where the service connection stops and the customer line starts.

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APPLICATION FOR SERVICE

Rule 3: Customer/Applicant Information (OAR 860-036-0015)

The utility shall provide or be able to provide customers or applicants with the following information:

- A. Instructions on how to read meters, either in writing or by explanation;
- B. Application and contract forms;
- C. Utility rules and regulations;
- D. Commission rules and regulations;
- E. Approved tariffs;
- F. Rights and Responsibilities Summary for Oregon Utility Consumers;
- G. Notices in foreign languages, if applicable;
- H. The utility’s business address, telephone number, and emergency telephone number; and
- I. Notices approved by the Commission.

Rule 4: Application for Service (OAR 860-036-0035)

Application for water service must be made for each individual service. The application shall identify the applicant, the premises to be served, the billing address if different, the type of use to which the water is to be put, and an agreement to conform to the Rules and Regulations of the utility as a condition for receiving such service. The applicant shall, at this time, pay any scheduled fees or deposits. An application is a request for water utility service and shall not be accepted until the applicant establishes credit as set forth in OAR 860-036-0040.

An application for water service must be made where:

- A. An applicant who has not previously been served by the water utility requests service;
- B. Service has been involuntarily discontinued in accordance with the utility and Commission rules, and service is sought;
- C. Service has been voluntarily discontinued and a request to restore service has not been made within 20 days; or
- D. There is a change in the identity of a customer, the type of use to which the water is put, or the number of premises served.

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Rule 5: Deposit for Service (OAR 860-036-0040)

In accordance with the Commission’s rules for credit establishment and deposit waiver, an applicant or a customer may be required to make a deposit to secure payment of bills for service. The deposit shall not exceed one-sixth (1/6) the amount of reasonable estimated billings for one year’s use of service at the premises during the prior year or upon the type and size of the customer’s equipment that will use the service. (OAR 860-036-0040)

The utility shall pay interest on deposits at the rate established by the Commission. After the customer has paid bills for service for 12 consecutive months without having had service discontinued for nonpayment, or more than two occasions in which a shut-off notice was issued, and the customer is not then delinquent in the payment of bills, the utility shall promptly and automatically refund the deposit plus accrued interest by **(check one)**:

- 1) issuing the customer a refund check
- 2) crediting the customer’s account; however, a customer is entitled to a refund upon request pursuant to OAR 860-036-0055.

Rule 6: Customer Service Line

The customer shall own and maintain the customer service line and promptly repair all breaks and leaks. The utility shall not be responsible for any damage or poor service due to inadequacy of the customer line or any portion of the customer’s plumbing. All leaks in the customer line, faucets, and all other parts of the plumbing owned or controlled by the customer shall be promptly repaired so as not to waste water.

Rule 7: Separate Control of Service

All premises supplied with water will be served through service lines so placed as to enable the utility to control the supply to each individual premise using a valve placed within and near the line of the street, the utility right-of-way, or at the meter.

Rule 8: Service Connections (OAR 860-036-0060)

The utility shall furnish and install at its own expense all necessary trenching, pipe, valves, and fittings between its main line and the customer’s service line. Such installation shall be designated as the service connection. The utility shall own, operate, maintain, and replace the service connection when necessary and promptly repair all breaks and leaks. The customer shall not be responsible for any damage or poor service due to inadequacy of the service lines or any portion of the utility’s plumbing.

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Rule 9: Service Connection Charge

An applicant requesting permanent water service to premises not previously supplied with permanent water service by the utility shall be required to pay the service connection charge listed in the utility’s Miscellaneous Service Charges Schedule.

The fire flow charge is assessed in addition to the meter set charge and applies to a new water service only when fireflow requirements are imposed by the fire department on a new structure, or a structure being remodeled requiring a building permit, which requires changes in existing fireflow requirements or a structure whose use is changing to the extent that it now for the first time has fireflow requirements. If the structure being built or remodeled is in addition to an existing structure, which has already satisfied fireflow requirements, then the fireflow charge will apply only to the additional structure.

The fireflow charge applies when the imposed fireflow requirements involve either a fire suppression system in the structure or fire hydrant(s) in the vicinity. The fireflow charge also applies when the structure benefits from the fire hydrant(s) which already exist in the vicinity sufficient to satisfy the imposed fireflow requirements.

Rule 10: Residential Development Charge

The residential development charge is assessed (based on the lot size) on any lot or lots for which a permanently new water service is established to serve one or more residential dwellings. The residential development charge is assessed in addition to the meter set charge.

A residential development located on a single tax lot for which a metered water service is established to serve multiple residences, shall (in lieu of the charge based on lot size) be assessed a residential development charge based on the size of the master water meter required to serve the development (including all area to be served in future phases of the development).

Subsequent to setting the meter(s) or master meter and payment of fees, if lots within the development become separately identified tax lots, the developer(s) of the separately identified tax lots will then be assessed an additional charge equal to the greater of (a) or (b), and reduced by (c); where (a) is a residential development charge based on each individual new lot size, (b) is the master meter set charge, and (c) is the fee previously paid to set the master meter for this development. In the event that this calculation produces a number less than zero, no refund will be given, and the amount of the fee shall be zero.

Any commercial development within the master residential development area shall be assessed a fireflow charge instead of a residential development charge. The fireflow charge shall be assessed on the entire structure containing the commercial enterprise, even though a portion of the structure may be for residential use. The lot occupied by the commercial development shall be excluded from any residential development charge.

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Rule 11: Main Line Extension Policy (OAR 860-036-0065)

The utility shall specify the size, character, and location of pipes and appurtenances in any main line extension. Main line extensions shall normally be along streets, roads, highways, or other satisfactory rights-of-way. All construction work shall conform to all applicable rules, regulations, codes, and industry standards. Each main line extension shall normally extend along applicant’s property line to the point the applicant’s service line would be at a 90-degree angle to the street or main line.

Rule 12: Main Line Advances and Refunds Policy

Definitions

- (a) Reach: Any section of a main that contains no connections, branches, etc.
- (b) Original customer cost of a main extension: The cost of the smallest size extension necessary to service the customer(s) who request that extension, plus one-half the cost of any oversizing up through 12 inches deemed desirable by the utility. The cost of oversizing over 12 inches, and all costs of loop completion, shall not be included.
- (c) Customer cost of the reach: The original customer cost of the main extension of which the reach was a part, times the length of the reach divided by the length of that extension.
- (d) Share of a reach: The customer cost of a reach divided by the number of customers to be served through that reach.
- (e) Share differential: The amount the share of a reach decreases when a new customer is served through that reach.

Note: Any loop completion installed by the utility shall be deemed closed at its midpoint, when determining which reaches serve a particular customer.

Specifications

The utility shall specify the size, character, and location of pipes and appurtenances in any main extension. Main extensions are normally along streets, roads, highways, or other satisfactory rights-of-way. All construction work shall conform to recognized Rates Water System, Inc. standards.

Each main extension shall normally extend at least 100 feet along the frontage of the property to be served, or to the midpoint of that frontage, whichever is less.

Advances and Refunds

Each new customer requesting a main line extension shall advance the utility the share of each reach through which the customer is to be served, including the main extension.

After construction of the requested main extension, the utility shall refund to each new customer the total of the customer costs of the reaches through which the customer is served times 50 feet divided by the total of the length of those reaches. Further, the utility shall refund to each old customer the share differential of each reach through which the customer is served.

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Exceptions: a) No customer shall be refunded more than the amount originally advanced; and b) No part of the distribution system installed prior to five years from the request for a main line extension shall be used to calculate any customer advance or refund.

Rule 13: Types of Use

Water service may be supplied for residential, commercial, irrigation, temporary construction, special contracts, fire prevention, and other uses. The utility shall file separate rate schedules for each type of use and basis of supply.

Rule 14: Multiple Residences

An apartment building, mobile home park, motel, trailer camp, duplex, townhouse, or any other property consisting of more than one residential unit, if served through one service line, shall be considered to be equivalent to the number of dwelling units when determining the customer count.

Rule 15: Utility Access to Private Property (OAR 860-036-0120(3)(b) and OAR 860-036-0205(3))

Customers shall provide access during reasonable hours to utility-owned service lines that extend onto the premises of the customer for the purposes of reading meters, maintenance, inspections, or removal of utility property at the time service is to be discontinued. Where the customer does not cooperate in providing reasonable access to the meter or to the premises, as required by law or to determine if a health or safety hazard exists, it is grounds for disconnection.

Rule 16: Restriction on Entering a Customer Residence (OAR 860-036-0085)

No water utility employee shall enter the residence of its customers without proper authorization except in an emergency when life or property is endangered.

REFUSAL OF SERVICE

Rule 17: Refusal of Service Due to Customer Accounts (OAR 860-036-0080(1-3))

The utility may refuse to serve an applicant until receipt of full payment of overdue amounts, or other obligations related to a prior account of the applicant with the utility, when the following circumstances exist:

- A. An overdue amount remains outstanding by a customer at the service address;
- B. The applicant resided at the service address indicated in (A) during the time the overdue charges were incurred; **and**

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C. The person indicated in (A) will reside at the location to be served under the new application. (OAR 860-036-0080)

Service shall not be refused for matters not related to water service. Residential service shall not be refused due to obligations connected with nonresidential service.

If service is refused under this rule, the utility shall inform the applicant or customer of the reasons for the refusal and of the Commission’s dispute resolution process.

Rule 18: Refusal of Service Due to Utility Facilities (OAR 860-036-0080(7))

The utility shall not accept an application for service or materially change service to a customer if the utility does not have adequate facilities or water resources to render the service applied for, or if the desired service is of a character that is likely to unfavorably affect reasonable service to other customers.

For refusal of service under this rule, the utility shall provide a written letter of refusal to the applicant informing applicant that the details upon which the utility’s decision was based may be requested. A copy of such notice will be sent to the Commission. The details will include, but not be limited to:

- A. Current capacity and load measured in gallons or cubic feet per minute;
- B. Current capacity and load measured in pounds per square inch;
- C. Cost to the utility for additional capacity in order to provide the additional service; and
- D. Information regarding the appeal process of the utility’s refusal to provide service is available through the Commission’s dispute resolution process pursuant to OAR 860-036-0025.

Rule 19: Refusal of Service Due to Customer Facilities (OAR 860-036-0080(4-6))

The utility shall refuse service to an applicant or customer whose facilities do not comply with applicable plumbing codes or, if in the best judgment of the utility, are of such a character that safe and satisfactory service cannot be given.

If service is refused under this rule, the utility will provide written notification to the customer within 10 working days stating the reason(s) for refusal and providing information regarding the Commission’s complaint process. A copy of the notification will also be sent to the Commission.

METERS

Rule 20: Utility Meters (OAR 860-036-0105)

The utility shall own, maintain, and operate all meters. Meters placed in service shall be adequate in size and design for the type of service, set at convenient locations, accessible to the utility, subject to the utility’s control, and placed in a meter box or vault between the street curb and property line. Each meter box or vault shall be provided with a suitable cover.

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Where additional meters are furnished by the utility or relocated for the convenience of the customer, a reasonable charge may be made in accordance with a schedule approved by the Commission.

The water utility shall have the right to set meters or other devices for the detection and prevention of fraud or waste without notice to the customer.

Each customer shall provide the utility with regular access to the meter on the customer's property. Failure to permit access at reasonable times and after reasonable notice by the utility requesting access is grounds for disconnection. (OAR 860-036-0120) Should damage result to the meter from molesting, tampering, or willful neglect on the part of the customer, the utility shall repair or replace the meter and may bill the customer for the reasonable cost. (OAR 860-036-0105(6))

Rule 21: Meter Testing (OAR 860-036-0110)

The meter shall be tested prior to or within 30 (thirty) days of installation to determine it is accurate to register not more than 2 percent error. No meter shall be allowed to remain in service if it registers an error in excess of 2 percent under normal operating conditions. The utility shall maintain a record of all meter tests and results. Meter test result records shall include:

- A. Information necessary to identify the meter;
- B. Reason for making the test;
- C. Date of test;
- D. Method of testing;
- E. Meter readings;
- F. Test results; and
- G. Any other information required to permit convenient checking of methods employed.

Rule 22: Customer-Requested Meter Test (OAR 860-036-0115)

A customer may request that the utility test the service meter; such test shall be made within 20 working days of the receipt of such request at no cost to the customer. The customer has the right to be present during said test, which is to be scheduled at a mutually agreeable time. A written report shall be provided to the customer stating:

- A. Customer's name;
- B. Date of the customer's request;
- C. Address at which the meter has been installed;
- D. Meter identification number;
- E. Date of actual test; and
- F. Test results.

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If a customer requests a meter test more often than once in any 12-month period, the deposit listed on the Miscellaneous Service Charges Schedule may be required to recover the cost of the test. If the meter is found to register more than 2 percent fast under conditions of normal operation, the utility shall refund the deposit to the customer.

BILLING

Rule 23: Billing Information/Late-Payment Charge (OAR 860-036-0120, 860-036-0125, and 860-036-0130)

Bills are due and payable when rendered by deposit in the mail or other reasonable means of delivery. As near as practical, **meters shall be read at** **monthly**, bimonthly, quarterly, or annual intervals on the corresponding day of each meter reading or billing period. The bill shall be rendered immediately thereafter. (OAR 860-036-0120(3) requires water utilities to bill at monthly intervals. A utility may request upon application special authority by the Commission to bill at intervals other than monthly.) The utility shall make reasonable efforts to prepare opening and closing bills from actual meter readings. When there is good reason for doing so, estimated bills may be submitted. Any estimated billings shall be clearly designated as such.

The late-payment charge determined by the Commission and listed on the Miscellaneous Service Charges Schedule shall be applied to all overdue balances at the time of preparing the subsequent months' bill or balances owing that are 30 days old.

All bills become delinquent if not paid within 15 days of the date of transmittal of the bill. (OAR 860-036-0125 requires a minimum of 15 days.) If permitted to become delinquent, water service may be terminated after proper notice as provided in Rule 29, Disconnection/Reconnection Visit Charge.

All water service bills shall show:

- A. Beginning and ending meter readings for the billing period;
- B. Beginning and ending dates of the period of service to which the bill applies;
- C. For all metered bills, beginning and ending meter readings for the period for which the bill is rendered;
- D. Number of units of service supplied stated in gallons or cubic feet;
- E. Schedule number under which the bill was computed;
- F. Delinquent date of the bill;
- G. Total amount due; and
- H. Any other information necessary for the computation of the bill.

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Rule 24: Partial Payment

Partial payments or one payment for more than one service, absent written instructions from the customer, will be applied in the following order:

- (a) Past due regulated tariffed services;
- (b) Currently due regulated tariffed services;
- (c) Non-regulated tariffed services;
- (d) Non-tariffed services.

Rule 25: Returned-Check Charge

The returned-check charge listed on the Miscellaneous Service Charges Schedule shall be billed for each occasion a customer submits a check for payment that is not honored, for any reason, by a bank or other financial institution.

Rule 26: Prorating of Bills

Initial and final bills will be prorated according to the number of days service was rendered and on the basis of a 31-day month. For metered services, the meter will be read upon opening and closing a customer's account. Consumption will be charged at scheduled rates. Any minimum monthly charge will be prorated.

Rule 27: Adjustment of Bills (860-036-0135)

When an underbilling or overbilling occurs, the utility shall provide written notice to the customer detailing the circumstances, period of time, and the amount of the adjustment. If it can be shown that the error was due to an identifiable cause, the date of which can be fixed, the overcharge or undercharge shall be computed back to such date. If no date can be fixed, the utility shall refund the overcharge or rebill the undercharge for no more than six months' usage. In no event shall an overbilling or underbilling be for more than three years' usage. No billing adjustment shall be required if a meter registers less than 2 percent error under conditions of normal operation.

When a customer is required to repay an underbilling, the customer shall be entitled to enter into a time-payment agreement without regard to whether the customer already participates in such an agreement. If the customer and the utility cannot agree upon payment terms, the Commission shall establish terms and conditions to govern the repayment obligation. The utility shall provide written notice advising the customer of the opportunity to enter into a time-payment agreement and of the Commission's complaint process.

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DISCONNECTION OF WATER SERVICE

Rule 28: Voluntary Discontinuance (OAR 860-036-0210)

Except for emergencies, customers who (for any reason) wish to have service discontinued shall provide the utility with at least five days' advance notice of the requested date of discontinuance of service. Until the utility receives such notice, the customer shall be held responsible for all service rendered. Should the customer wish to recommence service within 12 months at the same premises, the customer will be required to pay the customary minimum monthly charge as if service had been continuous. The reconnection charge listed on the Miscellaneous Service Charges Schedule will be applicable at the time of reconnection.

Rule 29: Emergency Disconnection (OAR 860-036-0215)

The utility may terminate service in emergencies when life or property is endangered without following the procedures set forth in OAR 860-036-0245. Immediately thereafter, the utility will notify the customer and the Commission. When the emergency termination was through no fault of the customer, there shall be no charge made for restoration of service.

Rule 30: Disconnection of Water Service Charge for Cause (OAR 860-036-0205 and 0245)

When a customer fails to comply with the utility's rules and regulations, or permits a bill or charge for regulated services to become delinquent (except for nonpayment of a time-payment agreement*), the utility shall give at least five days' written notice before water may be shut off. The notice shall state:

- A. The reason(s) for the proposed disconnection;
- B. The earliest date for disconnection;
- C. The amount to be paid to avoid disconnection;
- D. An explanation of the time-payment provision of OAR 860-036-0125;
- E. Information regarding the Commission's dispute resolution process; and
- F. The Commission's Consumer Services toll-free number, 1-800-522-2404.

Prior to disconnection on the day that the water utility expects to disconnect service, the utility must make a good-faith effort to physically contact the customer to be disconnected or an adult at the customer's premise to be disconnected to advise the customer or adult of the proposed disconnection. If contact is not made, the utility shall leave a notice in a conspicuous place at the customer's premise informing the customer that service has been or is about to be disconnected. The utility shall document its efforts to provide notice and make that documentation available to the customer upon request.

Service shall not be shut off for nonemergencies on a Friday or the day of a state- or utility-recognized holiday or the day prior to such holiday. (OAR 860-036-0220)

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The utility shall not disconnect residential service due to the failure to pay or meet obligations associated with nonresidential service. (OAR 860-036-0225)

A water utility may not disconnect residential service for nonpayment if a customer enters into a written time-payment plan. The utility will offer such customers a choice of payment agreements between a levelized-payment plan and an equal-pay arrearage plan or some other mutually agreeable alternate payment arrangement agreed to in writing. (OAR 860-036-0125)

*When a customer fails to comply with the terms of a written time-payment agreement between the customer, and/or the utility permits a time-payment agreement charge to become delinquent, the utility shall give at least 15 days' written notice before the water may be shut off.

Rule 31: Reconnection Charge and Disconnection Visit Charge (OAR 860-036-0080 and 0245(7))

Service shall not be restored until the utility's rules and regulations are complied with and/or payment is made in the amount overdue and any additional disconnection, reconnection, or disconnection visit charges incurred as listed on the Miscellaneous Service Charges Schedule are paid.

Rule 32: Unauthorized Restoration of Service

After the water has been disconnected or shut off at the curb stop or at the meter, if any person not authorized by the utility should turn it on, the water service line may be disconnected without notice. Service shall not be reconnected until all arrearages, all cost-of-service disconnection and reconnection, and the reconnection charge listed on the Miscellaneous Service Charges Schedule are paid in full.

Rule 33: Unauthorized Use

No person shall be allowed to make connection to the utility mains, or to make any alteration to service connections, or to turn a curb stop off or on to any premises, without written permission of the utility. Meter tampering, diverting service, or any other unauthorized use of service will automatically cause a disconnection of the water service and meter removal. All fees, costs of disconnection and reconnection, past-due billings, and service charges listed on the Miscellaneous Service Charges Schedule must be paid in full before any service is restored. An advance deposit for restoration of service may be required.

Rule 34: Interruption of Service (OAR 860-036-0075)

The utility shall have the right to shut off the water supply temporarily for repairs and other necessary purposes. The utility shall use all reasonable and practicable measures to notify affected customers in advance of such discontinuance of service except in the case of emergency repairs. The utility shall not be liable for any inconvenience suffered by the customer or damage to the customer's property arising from such discontinuance of service.

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The utility shall keep a record of all service interruptions affecting its whole system or a major section thereof, including the time and date of interruption, duration, and cause or purpose of interruption.

Rule 35: Water Supply/Usage Restrictions (OAR 860-036-0325)

The utility shall exercise due diligence to furnish a continuous and adequate supply of water to its customers. If water restrictions are necessary to equitably apportion its available water supply among its customers with due regard to public health and safety, the utility shall provide written notification to its customers and the Commission including:

- A. Reason for the restriction;
- B. Nature and extent of the restriction;
- C. Effective date of the restriction; and
- D. Probable date of termination of such restriction.

Rule 36: Damages/Tampering

Should damage result to any of the utility’s property from molesting or willful neglect by the customer to a meter or meter box located in the customer’s building, the utility will repair or replace such equipment and will bill the customer for the costs incurred.

SERVICE QUALITY

Rule 37: System Maintenance (OAR 860-036-0305)

The utility shall have and maintain its entire plant, distribution system, and hydrants in such condition that it will furnish safe, adequate, and reasonable continuous service. The utility shall inspect its facilities in such manner and with such frequency as may be necessary to ensure a reasonably complete knowledge of its condition and adequacy at all times.

The utility shall keep such records of all routine maintenance as considered necessary for the proper maintenance of its system, including regular flushing schedules, exercising of valves, and valve inspections.

Rule 38: Trouble Call

The trouble-call charge listed on the Miscellaneous Service Charges Schedule may be billed whenever a customer requests that the utility visit the customer’s premises to remedy a service problem and the problem is due to the customer’s facilities.

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Rule 39: Water Quality (OAR 860-036-0310)

The utility shall deliver water for domestic purposes free from bodily injurious physical elements and disease-producing bacteria and shall cause such tests to be made and precautions taken as will ensure the constant purity of its supply.

The utility shall keep a record of all water quality testing, results, monitoring, and reports.

The utility shall deliver domestic water that is reasonably free from elements that cause physical damage to customer property such as pipes, valves, appliances, and personal property. A water supply that causes such damage will be remedied until the conditions are such as to not reasonably justify the necessary investment.

Rule 40: Water Pressure (OAR 860-036-0315)

Each water utility shall maintain pressure at a minimum of 20 pounds per square inch (psi) for health reasons to each customer at all times and not exceed a maximum of 125 psi. The 20 psi and 125 psi standards are not presumed to be adequate service and do not restrict the authority of the Commission to require improvements where water pressure or flow is inadequate.

In general, 40 psi of water pressure in the water mains is usually adequate for the purposes of this rule. Adequate pressure may vary depending on each individual water system and its customers' circumstances. In the case of a dispute, the Commission will determine the appropriate water pressure for the water utility.

Rule 41: Pressure Surveys (OAR 860-036-0320)

The utility shall have a permanently placed pressure gauge located on a main that is representative of the system's pressure. A portable gauge in good working condition shall be available for checking pressure conditions in any part of the distribution area.

Rule 42: Customer-Requested Pressure Test (OAR 860-036-0320)

Upon customer request, the utility will perform a water pressure test within 20 working days of the request at no cost to the customer. If the customer requests more than one pressure test within any 12-month period, a deposit to recover the reasonable cost of the additional test may be required of the customer. The deposit shall be returned if the pressure test indicates less than 20 psi or more than 125 psi. The customer or designated representative has the right to be present at the pressure test, and said test shall be conducted at a mutually agreeable time.

For metered service, the pressure will be tested at a point adjacent to the meter on the customer's service line. For nonmetered service, the pressure will be tested at the customer's service line or hose bib or other reasonable point likely to best reflect the actual service pressure.

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Rule 43: Maps/Records (OAR 860-036-0335)

The utility shall keep on file current maps and records of the entire plant showing size, location, character, and date of installation of major plant items, including shut-off valves.

Rule 44: Utility Line Location (One Call Program) (OAR 860-036-0345)

The utility and its customers will comply with the requirements of OAR 952-001-0010 through and including OAR 952-001-0090 (One Call Program) regarding identification and notification of underground facilities.

Rule 45: Cross Connection/Backflow Prevention Program

Pursuant to OAR 33-061, and in accordance with Company Cross Connection Regulation, the Company's Schedule 2, and the Public Utility Commission of Oregon's rules and regulations, the Company may require installation and testing of an approved backflow prevention device. Failure on the part of any customer to comply with these rules and regulation may result in discontinuance of service in accordance with Rule 29 and 30.

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CUSTOMER NOTICE

ANNOUNCEMENT OF PROPOSED CHANGES TO WATER SERVICE RATES (TARIFFS) FILED WITH THE PUBLIC UTILITY COMMISSION OF OREGON

March 15, 2016

TO CUSTOMERS OF ROATS WATER SYSTEM, INC.

This notice is to inform you that **ROATS WATER SYSTEM, INC.** (Roats) submitted a general rate filing requesting increased rates to the Public Utility Commission of Oregon (Commission) on **MARCH 15, 2016**, pursuant to PUC Order No. 06-642.

Roats is seeking an increase in annual revenues to cover the cost of providing water service to its customers and allow the company to receive a reasonable return on its investment. The company has not sought an increase in rates for 10 years. The purpose of this announcement is to provide you with general information regarding the proposed rates and the effect the filing may have on your water service bill.

In addition, this notice is to inform you that Roats is currently in negotiations with the City of Bend to purchase portions of the Juniper Water's system. The purchase is subject to the Commission's approval. The contract is scheduled to be executed on July 1, 2016. The acquisition will add 821 residential customers from Juniper Water.

In the purchase, Roats is also acquiring 786 irrigation customers from Juniper Water. Roats has separated the cost of running the irrigation system from the residential/commercial/fire service customers to prevent any cross subsidization from taking place between irrigation and domestic water customers.

In its filing with the Commission, Roats is seeking approval of the following:

DOMESTIC SERVICE

Roats seeks changes to residential, commercial, and private fire protection rates; and to establish a public fire protection fee. These services are hereafter referred to as domestic service. Roats proposes domestic annual revenues to increase from \$1,360,277 to \$1,802,530. This results in an overall 32.51 percent increase. This proposed increase includes additional revenue from Juniper Water residential customers of \$385,660.

Included in the proposed domestic annual revenues are:

- 1) Residential and commercial water service proposed annual revenues of \$1,701,595.
- 2) The Pines and Crown Villa water service proposed annual revenues of \$81,938.

- 3) Roats will establish a public fire protection fee to cover the cost of maintaining Roats' 128 public fire hydrants. Public and private fire services combined proposed annual revenue is \$18,997. Customers with hydrants on their private property will also pay for public fire protection.

IRRIGATION SERVICE

In addition to the domestic services, Roats also proposes to establish total annual revenues for irrigation service of \$445,451.

If approved, Roats anticipates the increases will affect your average monthly water service rates as follows:

Line Size	Current Average Monthly Bill	Avg Monthly Usage	Proposed Average Monthly Bill Based on Average Usage
Residential (including Roats current residential customers, Tillicum Village, Mountain High, Timber Ridge & Blue Ridge Subdivisions)			
5/8" & 3/4"	\$36.47	1,272 cf	\$53.86
1"	\$59.88	3,647 cf	\$96.93
1 1/2"	\$104.38	8,657 cf	\$174.12

Commercial			
5/8" & 3/4"	\$36.47	1,272 cf	\$53.86
1"	\$59.88	3,647 cf	\$96.93
1 1/2"	\$104.38	8,657 cf	\$174.12
2"	\$155.80	13,987 cf	\$262.23

The above average consumption is based on average usage patterns. Individual customer water bills will vary depending on the amount of water they consume.

Residential – The Pines and Crown Villa			
The Pines	N/A	500 cf	\$26.27
Crown Villa	N/A	500 cf	\$26.27

Private Hydrant Maintenance			
4" Supply	\$5.00	None	\$2.74
6" Supply	\$11.00	None	\$6.04
8" Supply	\$15.00	None	\$8.39
10" Supply	\$25.00	None	\$13.40
12" Supply	n/a	None	\$25.36

Public Fire Protection Monthly Rate	
All Customers	\$0.37 per month

Irrigation Monthly Flat Rate (the annual cost is spread over 12 months)	
All Customer Receiving Irrigation Service	\$47.23 per month

Copies of the utility's application, testimony, and exhibits are available at:

Roats Water System Inc.		
61147 Hamilton Ln		
Bend Oregon 97702		
Mailing Address: P.O. Box 9579 Bend OR 97708		
541-382-3029	Email Address	office@roatswater.com

Roats Water System, Inc. can also provide additional information about the rate filing. If you are interested please contact:

Bill Roats		
61147 Hamilton Ln		
Bend OR 97702		
541-382-3029	Email Address	office@roatswater.com

To request to receive notices of the time and place of hearings on this matter, contact the PUC at 1-800-522-2404; TTY 711, or mail request to:

PUBLIC UTILITY COMMISSION OF OREGON
 PO Box 1088
 SALEM, OR 97308-1088

OR YOU CAN VISIT THE PUC AT:

PUBLIC UTILITY COMMISSION OF OREGON
 201 HIGH ST. SE STE 100
 SALEM, OR 97301

Note: The calculations and statements contained in the water utility's announcement and filing are not binding on the Commission.

cc: PUC Administrative Hearings Division, PO Box 1088, Salem OR 97308-1088.