

**PUBLIC UTILITY COMMISSION OF OREGON
STAFF REPORT**

PUBLIC MEETING DATE: November 21, 2019

REGULAR CONSENT EFFECTIVE DATE November 28, 2019

DATE: November 7, 2019

TO: Public Utility Commission

FROM: Scott Shearer

THROUGH: Michael Dougherty, Bryan Conway, and Bruce Hellebuyck **SIGNED**

SUBJECT: AGATE WATER COMPANY:
(Docket Nos. ADV 1026 and UM 1631/Advice No. 19-01)
Revises Tariffs to align with recent changes to OAR 860-036 and requests a partial waiver of OAR 860-036-1370(1) – estimated meter reads.

STAFF RECOMMENDATION:

Staff recommends that the Commission acknowledge Agate Water Company's (Agate) Advice No. 19-01, PUC OR No. 5 tariff filing and approve the request for a partial waiver of OAR 860-036-1370(1), to become effective with service rendered on and after November 28, 2019.

DISCUSSION:

Issues

ADV 1026

Whether the Commission should acknowledge Agate's Advice 19-01, which updates its tariff to be consistent with recently adopted changes in the Commission's Division 36 rules applicable to water utilities.

UM 1631

Whether the Commission should grant Agate's request for a partial waiver of OAR 860-036-1370(1) regarding estimated meter readings during the Bend, Oregon snow/ice season.

Applicable Rule or Law

Oregon Revised Statute (ORS) 757.205 requires each public utility to file with the Commission schedules showing all rates, tolls, charges, rules, and regulations that pertain to service performed by the public utility. Tariff revisions or corrections may be made by filing revised sheets with the information required under the Commission's administrative rules, including OAR 860-036-2000 and OAR 860-036-2010. Filings that make any change in rates, tolls, charges, rules, or regulations must be filed with the Commission at least 30 days prior to the effective date of changes; however, the Commission has the discretion to approve tariff filings on less than statutory notice.

OAR 860-036-1370(1) states that “[a] water utility must read meters that are used to calculate a customer’s bill on monthly intervals and as near as possible on the same corresponding day of each month unless otherwise indicated in its tariff or statement of rates. A water utility may use estimated readings for billing purposes under OAR 860-036-1400(3), but must actually read a meter at least once every four months.” Under OAR 860-036-1000(3), the Commission may waive any of the Division 036 rules for good cause shown.

Analysis

ADV 1026

On January 1, 2017, existing Division 36 administrative rules were repealed and new rules were adopted in Commission Docket No. AR 595, Order No. 17-017. This rulemaking was initiated with the goal of improving the organization and clarity of the rules. Due to the newly adopted administrative rules, Staff requested that rate-regulated water utilities file updated tariff sheets that reflect the changes in the Commission's administrative rules.

In response, Agate filed Advice No. 19-01 on October 21, 2019, to align its tariff with the changes adopted in Order No. 17-017. Staff notes that although Agate filed all new tariff sheets with a rate-effective date of November 28, 2019, there is no requested change to the rates, tolls, or charges approved by the Commission in Agate's most recent general rate case. Agate’s requested rate-effective date of November 28, 2019, is more than 30 days' notice for schedule changes. Staff has reviewed Agate's Advice 19-01 to ensure that all rates, tolls, and charges remain unchanged and to ensure the requested changes are consistent with the new Division 36 administrative rules.

ADV 1631

Agate is also requesting a partial waiver of OAR 860-036-1370(1). Agate states the reason for the waiver request is due to snow/ice accumulations that make it difficult and

costly to remove snow/ice to allow for reading meters through the winter. Specifically, Agate is requesting the ability to read meters less often due to snow/ice conditions, rather than every four months as is required by OAR 860-036-1370(1) and OAR 860-036-1400(3).

Agate is requesting the following language be added to the tariff:

“Estimated Meter Reads - The Utility may estimate water bills due to snow/ice weather conditions. The duration of the estimated period is dependent on weather conditions. Estimates are based on the last regular meter reading, in conjunction with prior year’s usage.

Note: estimated usage does not account for leaks that may occur on the customer’s property. All bills will be trued up at the end of the estimated billing period to account for usage during the estimated period. Customers may be eligible for a time payment arrangement on any balance due as described in Rule 28.”

According to US Climate Data,¹ Bend, Oregon average snow year starts October 21 of each year and ends April 30. The average low temperature drops below freezing starting October 20 and ending April 28. The city averages nearly 2 feet of snow accumulation during these snow/ice months and reaches a low of 22 degrees during December. While this period is more than 6 months of the year, Agate does attempt to read meters as late into the year as possible and start back up as early in the new year as possible. This generally narrows the meter reading period to four or five months in a given year, which means the utility is almost meeting the rule requirement.

Agate also states that in consideration of the effects on customers, they try to make the best effort to estimate bills as closely as possible, by taking the last read available in the fall, and incorporating the prior year’s usage, to come up with a reasonable estimate for the period, which is then trued up at the end of the snow/ice season with the first meter reading. Additionally, customers are offered time payment arrangements for any unforeseen large amounts owing.

Customers with concerns about usage can also clear their meter of snow/ice and provide the meter reading to Agate, who will match that reading up to the estimated figures and make adjustments as warranted, ahead of the standard spring meter reading.

The practice of estimated billing, due to snow/ice accumulation, benefits customers by keeping rates lower than if this were required to be incorporated into Agate’s practices,

¹ <https://www.usclimatedata.com/climate/bend/oregon/united-states/usor0031>.

which would add additional costs to clear the snow and ice. It also limits safety concerns for employees of Agate that have to navigate in poor weather conditions.

Agate indicates that it will make limited use of this waiver. Over the last three years, Agate has been able to read meters within the four months already allowed in the Commission's rules. This request would give Agate more flexibility during extended snow/ice seasons that are common to Agate's service territory.

Staff notes that since the request is focused on the snow/ice season meter readings, the waiver should only apply to that time period. Staff spoke with Agate about this and they agreed to make a change to the language in the tariff as filed. On October 30, 2019, Agate submitted a supplemental filing with revised language to clarify that the waiver applies to estimated water bills due to snow/ice weather conditions.

Conclusion

ADV 1026

The tariffs filed meet the requirements of the new water rules and should be allowed to go into effect.

ADV 1631

Good cause has been shown to grant the partial waiver requested.

PROPOSED COMMISSION MOTION:

Acknowledge Agate's Advice 19-01, PUC OR No. 5 tariff filing and grant Agate's request for a partial waiver of OAR 860-036-1370(1).