

ENTERED SEP 06 2016

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

UW 165

In the Matter of

SHADOW WOOD WATER SERVICE,

Request for a General Rate Revision.

ORDER

DISPOSITION: STIPULATION ADOPTED

I. INTRODUCTION

Shadow Wood Water Service filed a request for a general rate revision on December 15, 2015. The company requested an annual revenue increase of \$31,097 (82.71 percent), based on a 10 percent rate of return.¹ On December 16, 2015, we suspended the application for nine months for investigation.

A Public Comment Hearing and Prehearing Conference were held in West Linn, Oregon, on February 4, 2016. At the prehearing conference, Pat and Katherine Thurston requested intervenor status, which was granted. After the prehearing conference, a petition to intervene was filed by Walter Gamble, which was granted.

On May 27, 2016, the Commission Staff filed a motion to modify the procedural schedule. In its motion, Staff indicated that it had reached a settlement in principle with Shadow Wood, but that the intervenors had not agreed. Staff proposed that the settlement and supporting testimony be filed on June 24, 2016, and that intervenors be allowed to file objections and testimony on July 12, 2016, with the hearing set for August 4, 2016. Staff's motion was granted.

On June 24, 2016, Staff and Shadow Wood filed their stipulation and supporting testimony. Intervenors filed no additional comments or testimony, and the hearing was canceled. The stipulation is attached to this order as Appendix A.

¹ Staff calculated the amount of the proposed increase as 81 percent. (Staff/100, Hari/7).

II. BACKGROUND

Shadow Wood serves 63 residential customers in West Linn, Oregon. The company is a subsidiary of Hiland Water Corporation.² Hiland purchased Shadow Wood in 2003, when the water system was in disrepair. The water comes from two wells that furnish water to two reservoirs. The water flows from the reservoirs to a pump house and into the distribution lines.

Shadow Wood has been providing water service since 1924; however, it did not become a rate and service regulated water utility until 1998. Hiland acquired Shadow Wood in 2003. There have been two subsequent general rate cases – in 2004, and in 2005. It has been nearly eleven years since the company's last general rate case filing.

III. THE STIPULATION

In their stipulation, Staff and Shadow Wood recommend a two-year phase-in of their proposed rate increase, to become effective October 20, 2016, and October 20, 2017, respectively. For the first year they agree to an increase of \$19,936 (53 percent), based on a 9.5 percent rate of return. For the second year they propose a cumulative increase of \$28,845 (76 percent) over test year revenues, again based on a 9.5 percent rate of return.

The stipulating parties further agree that the company will engage with a minimum of five financial institutions in attempts to obtain a loan to finance future capital projects prior to using shareholder equity, and that Shadow Wood will file a request for a general rate revision on or before October 20, 2019.

IV. TESTIMONY IN SUPPORT OF STIPULATION

A. Staff Testimony

Staff received four protests regarding the proposed increase – two from intervenors and two from other customers. Generally, those protesting the rate increase expressed concerns regarding the amount of the increase. Staff assured the customers that it would fully investigate the company's filing and consider options to reduce the impact on customers, while allowing the company to recover its full cost of service. Staff explained that the customers have had the benefit of underpaying for water service in recent years while the company has continued to improve service without requesting a rate increase.

Staff describes its comprehensive examination of Shadow Wood's revenues, expenses, proposed adjustments, rate spread and rate design, rate base, capital improvements, cost of capital, capital structure, quality of service, capacity, and customer concerns. Staff's review included the allocation of affiliated interest expenses.

² Hiland is a privately owned, service regulated corporation that owns 20 other water systems. Hiland has a Commission-approved Master Service Affiliated Interest Agreement in place for its administration, management, and operation of Shadow Wood.

Staff made minor adjustments to the company's expenses, while noting that its customers benefit from the Master Service Agreement, which allows for the allocation of only a portion of wages to Shadow Wood, rather than the full cost of employees if the company were a separate entity. Staff also corrected an error in the company's calculation of its net plant in service.

Staff explains that Shadow Wood has invested about \$165,000 in plant improvements since 2005. Staff describes the company's most substantial capital projects, noting several instances where Shadow Wood was able to reduce costs by timing its investments in conjunction with county road improvements. Staff also reviewed fire safety improvements and water rights and well activities and concluded that the company's capital investments are reasonable and prudent.

Shadow Wood's capital structure is 100 percent equity and Staff recommends that we adopt that structure in this case. The company requested a 10 percent return on equity. The parties stipulated to a 9.5 percent return.

Staff recognizes that a capital structure consisting of both equity and debt typically results in a lower rate of return. Toward that end, Staff and Shadow Wood agreed to the provision in the stipulation that requires the company to document its attempts to secure a source of financing other than equity before making any future capital improvements.

As noted above, the stipulation provides for a two-year phase-in of the rate increase. According to Staff, the difference between the Year 1 and Year 2 revenue requirements results from the methods used to determine both the amount of rate base and the amount of depreciation expense included in the revenue requirement for each period. In Staff's view, using different rate base and depreciation calculation methods for Year 1 and Year 2 provides a better matching of revenues collected from customers and costs incurred by the company to fund capital investments.

The rationale for using average rate base and actual depreciation methods for Year 1 was to address the mismatch in revenues and costs described in Staff's testimony. However, the use of those methods has the additional effect of reducing the rate increase to customers in Year 1 (from 76 percent to 53 percent). The more gradual increase benefits customers and reduces rate shock, which was the primary concern raised by the intervenors.

Shadow Wood serves only residential customers and has a single rate classification, consisting of a base rate and a commodity rate charged per 100 gallons of water. The base rate is intended to provide a stable revenue stream that ensures the company receives adequate funds to operate during the winter months when water usage is lower.

The stipulation provides for the base rate to increase from \$28.50 to \$53.60 in Year 1 and to \$61.85 in Year 2. In Year 1 the commodity rate increases from \$0.39 per 100 gallons to \$0.42 and in Year 2 to \$0.48. The average residential bill will increase from \$49.73 to \$76.58 in Year 1 and from \$76.58 to \$88.36 in Year 2.

B. Shadow Wood Testimony

In its testimony, the company provides background information regarding Shadow Wood's wells and water rights and its main line replacements since its 2005 general rate case.

Shadow Wood believes that it has prudently managed its water rights to provide security of supply to its customers. Its water right permit encompasses both existing wells and two future well sites, with the company free to complete its water right for any combination of the four wells/sites, giving the company flexibility to decide what will be most suitable.

Shadow Wood has completed four major capital improvement projects to replace water lines since its last rate case in 2005. In each instance the lines were in poor condition and their replacement was "overdue." The replacements improved fire protection and water flow while eliminating leaks. In two instances the company was able to achieve substantial savings by scheduling its improvements in coordination with county road projects.

IV. RESOLUTION

The stipulation is reasonable and is adopted. While the amount of the rate increase appears substantial, it is readily explained in terms of the prolonged delay between rate cases and the amount of the capital improvements made by Shadow Wood in the meantime.

The potential rate shock that can result from lengthy delays between rate cases is largely offset by the lower rates paid during that waiting period. In this case Staff has managed to mitigate the rate shock effect by stipulating to a phase-in of the rate increase. The stipulation provision requiring a rate case filing in three years is a reasonable provision in such cases where the company has not filed in many years.

V. ORDER

1. Advice No. 15-55 filed by Shadow Wood Water Service, LLC is permanently suspended.
2. The stipulation between Shadow Wood Water Service, LLC and the Staff of the Public Utility Commission of Oregon, attached as Appendix A, is adopted.

3. Shadow Wood Water Service, LLC is authorized to file its tariffs in accord with the stipulation, with effective dates of October 20, 2016 and October 20, 2017 respectively.

Made, entered, and effective SEP 06 2016.

L.S. D. N. e.

Lisa Hardie

Chair

John Savage

John Savage
Commissioner

Stephen M. Bloom

Stephen M. Bloom
Commissioner



A party may request rehearing or reconsideration of this order under ORS 756.561. A request for rehearing or reconsideration must be filed with the Commission within 60 days of the date of service of this order. The request must comply with the requirements in OAR 860-001-0720. A copy of the request must also be served on each party to the proceedings as provided in OAR 860-001-0180(2). A party may appeal this order by filing a petition for review with the Court of Appeals in compliance with ORS 183.480 through 183.484.

BEFORE THE PUBLIC UTILITY COMMISSION

OF OREGON

UW 165

In the Matter of SHADOW WOOD WATER)
SERVICE LLC Application for a General Rate) STIPULATION
Increase)

Shadow Wood Water Service, LLC (Shadow Wood or Company) appearing by and through its Managing Director, Silas Olson, the Public Utility Commission Staff (Staff) appearing by and through its attorney, Kaylie Klein, Assistant Attorney General, hereafter collectively referred to as the Signing Parties, enter into this Stipulation in resolution of all issues in the case. The Intervenor in this case, including Mr. Pat Thurston, Mrs. Kathe Thurston, and Mr. Walter Gamble, stated their intention to decline to sign the Stipulation.

1.

The Signing Parties support and recommend that the Commission adopt an annual revenue requirement that is lower in the first year (Year 1) than in the second year (Year 2). For Year 1, the Signing Parties support a revenue requirement of \$57,891. Year 1 consists of a 9.5 percent rate of return on a rate base of \$237,825 and a 53 percent increase over test year revenues. For Year 2, and for subsequent years until the Company's next general rate case in 2019, the Signing Parties support a revenue requirement of \$66,800. Year 2 consists of a 9.5 percent rate of return on a rate base of \$290,274 and a 76 percent increase over

1 test year revenues. The stipulated revenue requirements are included with this
2 Stipulation as Attachment A, pages 1 and 2.

3 2.

4 The Signing Parties agree to and support the Year 1 and Year 2 stipulated
5 rates, fees, rules, and regulations contained in Attachment B to this Stipulation,
6 Shadow Wood's tariff sheets designated as PUC Oregon No. 3, Original Sheet
7 Nos. 1 through 19, and First Revised Sheet No. 3.

8 3.

9 The Signing Parties agree to and support the Year 1 rates being effective for
10 service rendered on and after October 20, 2016. The Parties agree to and support
11 the Year 2 rates being effective for service rendered on and after October 20, 2017.

12 4.

13 The Signing Parties agree to and support the following conditions:

14 1. The Company will engage a minimum of five financial institutions to
15 attempt to obtain a loan to finance future capital projects prior to using
16 shareholder equity to finance future capital projects.

17 2. The Company will file for a general rate review on or before October 20,
18 2019.

19 5.

20 By entering into this Stipulation, no Party shall be deemed to have approved,
21 accepted, or consented to the facts, principles, methods, or theories employed by
22 any other Party in arriving at the agreed revenue requirements, rate spreads, and
23 rate designs.

6.

The Signing Parties have negotiated this agreement in good faith and recommend that the Commission adopt this Stipulation in its entirety. The Signing Parties have negotiated this Stipulation as an integrated document. Accordingly, if the Commission rejects all or any material portion of this Stipulation, each Signing Party reserves the right, upon written notice to the Commission and all Parties to this proceeding within 15 days of the date of the Commission's order, to withdraw from the Stipulation and request an opportunity for the presentation of additional evidence and argument.

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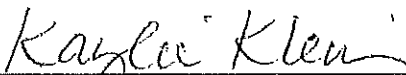
7.

The Parties understand that this Stipulation is not binding on the Commission in ruling on this application and does not foreclose the Commission from addressing other issues.

DATED this 22nd day of June 2016.

Respectfully submitted,

ELLEN ROSENBLUM
Attorney General

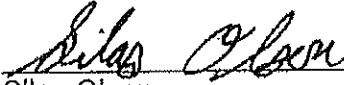


Kaylie Klein #143614
Assistant Attorney General
Of Attorney for PUC Staff

8.

The Parties understand that this stipulation is not binding on the Commission in ruling on this application and does not foreclose the Commission from addressing other issues.

DATED this 22nd day of June 2016.



Silas Olson
Managing Director
Shadow Wood Water Service, LLC

ORDER NO. 16 334

CASE: UW 165
WITNESS: CELESTE HARI

**PUBLIC UTILITY COMMISSION
OF
OREGON**

**Attachment A
to the Stipulation**

June 24, 2016

ORDER NO.

16 334

Shadow Wood Water
Docket UW 166
Test Year: 2014

Company Proposed Increase:	81%
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Staff Proposed Increase:	53%
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ATTACHMENT A
YEAR 1

Revenue Requirement

		A	B	C	D	E	F	G	H
		Company	Company	Company	Staff	Staff	Staff	Staff	Total
				A+B=C		C+D=E		D+F=G	O+G=H
Acct No.	REVENUES	Balance per Application	Proposed Company Adjustments	Proposed Company Totals	Staff Adjustments	Adjusted Results	Revenue-Sensitive Adjustments	Total PUC Adjustments	PUC Proposed Results
460	Unmetered Water Sales	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	0
461.1	Residential Water Sales	\$ 37,699	\$ 31,097	\$ 68,696	\$ -	\$ 68,696	\$ (10,005)	\$ (10,005)	\$ 57,691
461.2	Commercial Water Sales	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	0
462	Fire Protection	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	0
464	Water Sales to Public Authorities	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	0
465	Irrigation -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	0
466	Sales for Resale	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	0
467	Golf Course	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	0
468	Special Contracts	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	0
471	Miscellaneous Revenues	\$ 356	\$ (356)	\$ -	\$ -	\$ -	\$ -	\$ -	0
472	Cell Tower/Rent from Util. Property	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	0
475	Cross Connection Control Revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	0
0	0	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	0
	TOTAL REVENUE	\$ 37,955	\$ 30,741	\$ 68,696	\$ -	\$ 68,696	\$ (10,005)	\$ (10,005)	\$ 57,691
OPERATING EXPENSES									
601	Salaries and Wages - Employees	\$ 8,601	\$ 394	\$ 9,995	\$ (443)	\$ 9,552		\$ (443)	\$ 9,552
603	Salaries and Wages - Officers	\$ -	\$ 130	\$ 130	\$ (0)	\$ 130		\$ (0)	\$ 130
604	Employee Pension & Benefits	\$ -	\$ 412	\$ 412	\$ -	\$ 412		\$ -	\$ 412
610	Purchased Water	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -	0
611	Telephone/Communications	\$ 498	\$ 125	\$ 563	\$ (2)	\$ 561		\$ (2)	\$ 561
615	Purchased Power	\$ 2,172	\$ (481)	\$ 1,711	\$ (0)	\$ 1,711		\$ (0)	\$ 1,711
616	Fuel for Power Production	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -	0
617	Other Utilities - Natural Gas & Janitorial	\$ 23	\$ 0	\$ 32	\$ 0	\$ 32		\$ 0	\$ 32
618	Chemical / Treatment Expense	\$ 2,610	\$ (2,610)	\$ -	\$ -	\$ -		\$ -	0
619	Office Supplies	\$ 3	\$ 370	\$ 373	\$ -	\$ 373		\$ -	\$ 373
619.1	Postage	\$ 203	\$ 60	\$ 269	\$ -	\$ 269		\$ -	\$ 269
620	O&M Materials/Supplies	\$ 1,628	\$ (1,031)	\$ 797	\$ (0)	\$ 797		\$ (0)	\$ 797
621	Repairs to Water Plant	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -	0
631	Contract Svcs - Engineering	\$ 163	\$ -	\$ 163	\$ -	\$ 163		\$ -	\$ 163
632	Contract Svcs - Accounting	\$ 47	\$ (7)	\$ 40	\$ -	\$ 40		\$ -	\$ 40
633	Contract Svcs - Legal	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -	0
634	Contract Svcs - Management Fees	\$ 849	\$ (849)	\$ -	\$ -	\$ -		\$ -	0
636	Contract Svcs - Testing	\$ -	\$ 1,815	\$ 1,815	\$ -	\$ 1,815		\$ -	\$ 1,815
636	Contract Svcs - Labor	\$ 704	\$ -	\$ 704	\$ -	\$ 704		\$ -	\$ 704
637	Contract Svcs - Billing/Collection	\$ 226	\$ (226)	\$ -	\$ -	\$ -		\$ -	0
638	Contract Svcs - Meter Reading	\$ -	\$ -	\$ -	\$ 443	\$ 443		\$ 443	\$ 443
639	Contract Svcs - Other	\$ 277	\$ 470	\$ 747	\$ 0	\$ 747		\$ 0	\$ 747
641	Rental of Building/Real Property	\$ 613	\$ 117	\$ 630	\$ -	\$ 630		\$ -	\$ 630
642	Rental of Equipment/Vehicles	\$ 440	\$ 229	\$ 669	\$ -	\$ 669		\$ -	\$ 669
643	Small Tools	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -	0
644	Computer/Electronic Expenses	\$ 62	\$ 22	\$ 114	\$ -	\$ 114		\$ -	\$ 114
650	Transportation	\$ 660	\$ (11)	\$ 647	\$ (847)	\$ (0)		\$ (847)	\$ (0)
656	Vehicle Insurance	\$ 134	\$ (20)	\$ 114	\$ -	\$ 114		\$ -	\$ 114
657	General Liability Insurance	\$ 206	\$ 22	\$ 228	\$ -	\$ 228		\$ -	\$ 228
658	Workers' Comp Insurance	\$ -	\$ 164	\$ 164	\$ -	\$ 164		\$ -	\$ 164
659	Insurance - Other	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -	0
660	Amortz. of Rate Case	\$ -	\$ 1,667	\$ 1,667	\$ (0)	\$ 1,667		\$ (0)	\$ 1,667
	Gross Revenue Fee (PUC)	\$ 97	\$ 109	\$ 206	\$ -	\$ -	\$ (32)	\$ (32)	\$ 174
670	Bad Debt Expense	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -	0
671	Cross Connection Control Program	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -	0
673	Training and Certification	\$ 22	\$ 69	\$ 111	\$ -	\$ 111		\$ -	\$ 111
674	Consumer Confidence Report	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -	0
675	Miscellaneous Expense	\$ 292	\$ (64)	\$ 238	\$ -	\$ 238		\$ -	\$ 238
OE1	Public Relations	\$ -	\$ 12	\$ 12	\$ (12)	\$ -		\$ (12)	\$ 0
OE2	Other Expense 2	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -	0
OE3	Other Expense 3	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -	0
OE4	Other Expense 4	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -	0
OE5	Other Expense 5	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -	0
	TOTAL OPERATING EXPENSE	\$ 21,698	\$ 1,053	\$ 22,751	\$ (862)	\$ 21,663	\$ (32)	\$ (894)	\$ 21,657
OTHER REVENUE DEDUCTIONS									
	Depreciation Expense	\$ 7,946	\$ 1,080	\$ 9,026	\$ (2,608)	\$ 6,420		\$ (2,608)	\$ 6,420
406	Amort of Plant Acquisition Adjustment	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -	0
407	Amortization Expense	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -	0
408.11	Property Tax	\$ 637	\$ 60	\$ 697	\$ -	\$ 697		\$ -	\$ 697
408.12	Payroll Tax	\$ -	\$ 458	\$ 458	\$ -	\$ 458		\$ -	\$ 458
408.13	Other	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -	0
409.1	Federal Income Tax	\$ 194	\$ 4,817	\$ 5,011	\$ -	\$ -	\$ (1,024)	\$ (1,024)	\$ 3,807
409.11	Oregon Income Tax	\$ 92	\$ 2,269	\$ 2,361	\$ -	\$ -	\$ (483)	\$ (483)	\$ 1,878
409.13	Extraordinary Items Income Tax	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -	0
	TOTAL REVENUE DEDUCTIONS	\$ 30,567	\$ 9,737	\$ 40,304	\$ (3,467)	\$ 29,269	\$ (1,639)	\$ (5,006)	\$ 35,203
	NET OPERATING INCOME	\$ 7,388	\$ 21,004	\$ 28,392	\$ 3,467	\$ 39,437	\$ (9,208)	\$ (5,799)	\$ 22,593
UTILITY RATE BASE									
	Utility Plant Invested by Company	\$ 413,996	\$ -	\$ 413,996	\$ (65,658)	\$ 358,339		\$ (65,658)	\$ 358,339
271	+ Contributions In Aid of Construction - Excess Capacity	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -	0
	Equals: Total Utility Plant	\$ 413,996	\$ -	\$ 413,996	\$ (65,658)	\$ 358,339	\$ -	\$ (65,658)	\$ 358,339
	- Accum. Depreciation--Invested Plant	\$ 133,646	\$ -	\$ 133,646	\$ (9,032)	\$ 124,614		\$ (9,032)	\$ 124,614
	- Accum. Depreciation--CIAC	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -	0
271	- Contributions In Aid of Construction	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -	0
281	- Accumulated Deferred Income Tax	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -	0
272	+ Accum. Amortization of CIAC	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -	0
	Equals: Net Invested Utility Plant	\$ 280,350	\$ -	\$ 280,350	\$ (46,028)	\$ 234,324	\$ -	\$ (46,028)	\$ 234,324
	Plus: (working capital)	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -	0
151	Materials and Supplies Inventory	\$ -	\$ 1,694	\$ 1,694	\$ -	\$ 1,694		\$ -	\$ 1,694
Wacash	Working Cash (Total Op Exp /12)	\$ 1,808	\$ -	\$ 1,808	\$ (1)	\$ 1,807		\$ (1)	\$ 1,807
	TOTAL RATE BASE	\$ 282,158	\$ 1,694	\$ 283,852	\$ (46,027)	\$ 237,825	\$ -	\$ (46,027)	\$ 237,825
	Rate of Return	2.62%		10.00%					9.50%

Shadow Wood Water
Docket UW 165
Test Year: 2014

Company Proposed Increase:	81%
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Staff Proposed Increase:	76%
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ATTACHMENT A
YEAR 2

Revenue Requirement

Revenue Requirement		A	B	C	D	E	F	G	H
		Company	Company	Company A+B+C	Staff	Staff C+D+E	Staff	Staff D+F+G	Total C+G+H
Acct No.	REVENUES	Balance per Application	Proposed Company Adjustments	Proposed Company Totals	Staff Adjustments	Adjusted Results	Revenue- Sensitive Adjustments	Total PUC Adjustments	PUC Proposed Results
460	Unmetered Water Sales	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	0
461.1	Residential Water Sales	\$ 37,599	\$ 31,097	\$ 68,696	\$ -	\$ 68,696	\$ (1,898)	\$ (1,898)	66,800
461.2	Commercial Water Sales	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	0
462	Fire Protection	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	0
464	Water Sales to Public Authorities	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	0
465	Irrigation -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	0
466	Sales for Resale	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	0
467	Golf Course	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	0
468	Special Contracts	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	0
471	Miscellaneous Revenues	\$ 358	\$ (358)	\$ -	\$ -	\$ -	\$ -	\$ -	0
472	Cell Tower/Rent from Util. Property	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	0
475	Cross Connection Control Revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	0
0	0	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	0
	TOTAL REVENUE	\$ 37,955	\$ 30,741	\$ 68,696	\$ -	\$ 68,696	\$ (1,898)	\$ (1,898)	66,800
OPERATING EXPENSES									
601	Salaries and Wages - Employees	\$ 9,601	\$ 394	\$ 9,995	\$ (443)	\$ 9,552		\$ (443)	9,109
603	Salaries and Wages - Officers	\$ -	\$ 130	\$ 130	\$ (0)	\$ 130		\$ (0)	130
604	Employee Pension & Benefits	\$ -	\$ 412	\$ 412	\$ -	\$ 412		\$ -	412
610	Purchased Water	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -	0
611	Telephone/Communications	\$ 438	\$ 125	\$ 563	\$ (2)	\$ 561		\$ (2)	559
616	Purchased Power	\$ 2,172	\$ (461)	\$ 1,711	\$ (0)	\$ 1,711		\$ (0)	1,711
618	Fuel for Power Production	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -	0
617	Other Utilities - Natural Gas & Janitorial	\$ 23	\$ 9	\$ 32	\$ 0	\$ 32		\$ 0	32
618	Chemical / Treatment Expense	\$ 2,610	\$ (2,510)	\$ -	\$ -	\$ -		\$ -	0
619	Office Supplies	\$ 3	\$ 370	\$ 373	\$ -	\$ 373		\$ -	373
619.1	Postage	\$ 203	\$ 86	\$ 289	\$ -	\$ 289		\$ -	289
620	O&M Materials/Supplies	\$ 1,020	\$ (1,031)	\$ 797	\$ (0)	\$ 797		\$ (0)	797
621	Repairs to Water Plant	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -	0
631	Contract Svcs - Engineering	\$ 163	\$ -	\$ 163	\$ -	\$ 163		\$ -	163
632	Contract Svcs - Accounting	\$ 47	\$ (7)	\$ 40	\$ -	\$ 40		\$ -	40
633	Contract Svcs - Legal	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -	0
634	Contract Svcs - Management Fees	\$ 849	\$ (849)	\$ -	\$ -	\$ -		\$ -	0
635	Contract Svcs - Testing	\$ -	\$ 1,815	\$ 1,815	\$ -	\$ 1,815		\$ -	1,815
636	Contract Svcs - Labor	\$ 704	\$ -	\$ 704	\$ -	\$ 704		\$ -	704
637	Contract Svcs - Billing/Collection	\$ 228	\$ (228)	\$ -	\$ -	\$ -		\$ -	0
638	Contract Svcs - Motor Reading	\$ -	\$ -	\$ -	\$ 443	\$ 443		\$ 443	443
639	Contract Svcs - Other	\$ 277	\$ 470	\$ 747	\$ 0	\$ 747		\$ 0	747
641	Rental of Building/Real Property	\$ 613	\$ 117	\$ 730	\$ -	\$ 730		\$ -	730
642	Rental of Equipment/Vehicles	\$ 440	\$ 229	\$ 669	\$ -	\$ 669		\$ -	669
643	Small Tools	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -	0
648	Computer/Electronic Expenses	\$ 92	\$ 22	\$ 114	\$ -	\$ 114		\$ -	114
650	Transportation	\$ 858	\$ (11)	\$ 847	\$ (647)	\$ (0)		\$ (647)	(0)
656	Vehicle Insurance	\$ 134	\$ (20)	\$ 114	\$ -	\$ 114		\$ -	114
657	General Liability Insurance	\$ 208	\$ 22	\$ 230	\$ -	\$ 230		\$ -	230
658	Workers' Comp Insurance	\$ -	\$ 164	\$ 164	\$ -	\$ 164		\$ -	164
659	Insurance - Other	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -	0
666	Amortiz. of Rate Case	\$ -	\$ 1,667	\$ 1,667	\$ (0)	\$ 1,667		\$ (0)	1,667
	Gross Revenue Fee (PUC)	\$ 97	\$ 109	\$ 206	\$ -	\$ -	\$ (6)	\$ (6)	200
670	Bad Debt Expense	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -	0
671	Cross Connection Control Program	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -	0
673	Training and Certification	\$ 22	\$ 89	\$ 111	\$ -	\$ 111		\$ -	111
674	Consumer Confidence Report	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -	0
676	Miscellaneous Expense	\$ 292	\$ (54)	\$ 238	\$ -	\$ 238		\$ -	238
OE1	Public Relations	\$ -	\$ 12	\$ 12	\$ (12)	\$ -		\$ (12)	0
OE2	Other Expense 2	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -	0
OE3	Other Expense 3	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -	0
OE4	Other Expense 4	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -	0
OE5	Other Expense 6	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -	0
	TOTAL OPERATING EXPENSE	\$ 21,690	\$ 1,053	\$ 22,751	\$ (862)	\$ 21,889	\$ (6)	\$ (867)	21,022
OTHER REVENUE DEDUCTIONS									
	Depreciation Expense	\$ 7,946	\$ 1,080	\$ 9,026	\$ 0	\$ 9,026		\$ 0	9,026
406	Amort of Plant Acquisition Adjustment	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -	0
407	Amortization Expense	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -	0
408.11	Property Tax	\$ 897	\$ 60	\$ 957	\$ -	\$ 957		\$ -	957
408.12	Payroll Tax	\$ -	\$ 468	\$ 468	\$ -	\$ 468		\$ -	468
408.13	Other	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -	0
409.1	Federal Income Tax	\$ 184	\$ 4,817	\$ 5,001	\$ -	\$ -	\$ (145)	\$ (145)	4,856
409.11	Oregon Income Tax	\$ 92	\$ 2,269	\$ 2,361	\$ -	\$ -	\$ (69)	\$ (69)	2,292
409.13	Extraordinary Items Income Tax	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -	0
	TOTAL REVENUE DEDUCTIONS	\$ 30,867	\$ 9,737	\$ 40,304	\$ (861)	\$ 31,443	\$ (219)	\$ (1,080)	39,224
	NET OPERATING INCOME	\$ 7,388	\$ 21,004	\$ 28,392	\$ 861	\$ 29,253	\$ (1,077)	\$ (816)	27,676
UTILITY RATE BASE									
	Utility Plant Invested by Company	\$ 413,996	\$ -	\$ 413,996	\$ 1	\$ 413,997		\$ 1	413,997
271	+ Contributions In Aid of Construction	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -	0
	- Excess Capacity	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -	0
	Equals: Total Utility Plant	\$ 413,996	\$ -	\$ 413,996	\$ 1	\$ 413,997	\$ -	\$ 1	413,997
	- Accum. Depreciation-Invested Plant	\$ 133,640	\$ -	\$ 133,640	\$ (6,422)	\$ 127,218		\$ (6,422)	127,224
	- Accum. Depreciation-CIAC	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -	0
271	+ Contributions In Aid of Construction	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -	0
281	- Accumulated Deferred Income Tax	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -	0
272	+ Accum. Amortization of CIAC	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -	0
	Equals: Net Invested Utility Plant	\$ 280,356	\$ -	\$ 280,356	\$ 6,423	\$ 286,773	\$ -	\$ 6,423	286,773
	Plus: (working capital)	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -	0
161	Materials and Supplies Inventory	\$ -	\$ 1,694	\$ 1,694	\$ -	\$ 1,694		\$ -	1,694
WkCash	Working Cash (Total Op Exp /12)	\$ 1,008	\$ -	\$ 1,008	\$ (1)	\$ 1,807		\$ (1)	1,807
	TOTAL RATE BASE	\$ 282,160	\$ 1,694	\$ 283,852	\$ 6,421	\$ 290,274	\$ -	\$ 6,421	290,274
	Rate of Return	2.62%		10.00%					9.50%

ORDER NO. 16 334

CASE: UW 165
WITNESS: CELESTE HARI

**PUBLIC UTILITY COMMISSION
OF
OREGON**

**Attachment B
to the Stipulation**

June 24, 2016

**Containing Rules and Regulations
Governing Water Utility Service****Naming Rates For****SHADOWWOODWATER SERVICE****PO BOX 699
NEWBERG OR 97132****503-554-8333****Serving water in the vicinity of
WEST LINN, OREGON**

Issue Date		Effective for services rendered on and after	October 20, 2016
Issued By	SHADOW WOOD WATER SERVICE LLC		

OREGON NO. 3
SHADOW WOOD WATER SERVICE LLC

ATTACHMENT B
 ORIGINAL SHEET NO. 2

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	Rules and Regulations	6

Issue Date		Effective for services rendered on and after	October 20, 2016
Issued By	SHADOW WOOD WATER SERVICE LLC		

OREGON NO. 3
SHADOW WOOD WATER SERVICE LLC

ATTACHMENT B
 ORIGINAL SHEET NO. 3

SCHEDULE NO. 1

RESIDENTIAL METERED RATES

Effective Oct. 20, 2016 – Oct. 19, 2017 ONLY

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

Applicable: To residential premises.

Base Rate

Service Meter Size	Monthly Base Rate	Usage Allowance
5/8 or 3/4 inch	\$53.60	None
1 inch	N/A	N/A
1½ inches	N/A	N/A

Commodity Usage Rate

Commodity Rate		Number of Units	Unit of Measure	Base Usage Allowance
\$.42	Per	100	gallons	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. 27, 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.

Issue Date		Effective for services rendered on and after	October 20, 2016
Issued By	SHADOW WOOD WATER SERVICE LLC		

OREGON NO. 3
SHADOW WOOD WATER SERVICE LLC

ATTACHMENT B
 ORIGINAL SHEET NO. 4

SCHEDULE NO. 2
BLANK TARIFF FOR FUTURE USE

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

Applicable: To residential premises.

SERVICE LINE SIZE		CONSUMPTION
5/8 inch or 3/4 inch	\$	
1 inch	\$	
1½ inches	\$	

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.
2. Water used during the construction of buildings, etc., shall be metered when possible. Charges shall be made at the rates specific to the type of customer:

- Schedule No. 1, Residential Metered Rates

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.

Issue Date		Effective for services rendered on and after	October 20, 2016
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OREGON NO. 3
SHADOW WOOD WATER SERVICE LLC

ATTACHMENT B
 ORIGINAL SHEET NO. 5

SCHEDULE NO. 3

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

Meter Test (Rule No. 21)

First test within 12-month period	N/C
Second test within 12-month period	\$20.00

Pressure Test (Rule No. 41)

First test within 12-month period	N/C
Second test within 12-month period	\$20.00

Late-Payment Charge (Rule No. 22)

Charged on amounts more than 30 days past due	Pursuant to OAR 860-036-0130 (as of 1/1/15 – 1.8%)
---	---

Deposit for Service (Rule No. 5)

Pursuant to OAR 860-036-0040(2)	Pursuant to OAR 860-036-0050 (as of 1/1/15 – 0.1%)
---------------------------------	---

Returned-Check Charge (Rule No. 24)

\$25.00 (each occurrence)

Trouble-Call Charge (Rule No. 37)

During normal office hours	\$25.00 per hour
After normal office hours on special request	\$40.00 per hour

Disconnection Charge (Rule No. 29 & 30)

\$35.00

Reconnection Charge

During normal office hours	\$25.00
After normal office hours on special request	\$35.00

Unauthorized Restoration of Service (Rule No. 31)

Reconnection charge plus costs

Damage/Tampering Charge (Rule No. 35)

At cost

Field Visit Charge (Rule No. 30)

\$35.00

Issue Date		Effective for services rendered on and after	October 20, 2016
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RULES AND REGULATIONSRule 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 SHADOWWOOD WATER SERVICE.
- 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.

Issue Date		Effective for services rendered on and after	October 20, 2016
Issued By	SHADOW WOOD WATER SERVICE LLC		

OREGON NO. 3
SHADOW WOOD WATER SERVICE LLC

ATTACHMENT B
 ORIGINAL SHEET NO. 7

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.

Issue Date		Effective for services rendered on and after	October 20, 2016
Issued By	SHADOW WOOD WATER SERVICE LLC		

OREGON NO. 3
SHADOW WOOD WATER SERVICE LLC

ATTACHMENT B
 ORIGINAL SHEET NO. 8

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.

Issue Date		Effective for services rendered on and after	October 20, 2016
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OREGON NO. 3
SHADOW WOOD WATER SERVICE LLC

ATTACHMENT B
ORIGINAL SHEET NO. 9

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.

Rule 10: 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 11: Main Line Advances and Refunds Policy

Each new customer requesting a main line extension shall advance the utility the cost-base amount necessary to extend the main line to provide service.

For a period of TWO YEARS after construction of the requested main line extension, the utility shall also collect from any additional applicants whose service connections or service lines shall connect to said main line extension an amount per foot equal to the new applicant's proportionate share of the main line extension cost for that portion used. The utility will then refund the share differential amount to those customers who previously shared the cost of said main line extension. Refunds shall not exceed the amount originally advanced.

No part of the distribution system installed prior to the request for a main line extension shall be used to calculate any customer advance or refund.

Rule 12: 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.

Issue Date		Effective for services rendered on and after	October 20, 2016
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OREGON NO. 3
SHADOW WOOD WATER SERVICE LLC

ATTACHMENT B
 ORIGINAL SHEET NO. 10

Rule 13: 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 14: 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 15: 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 16: 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
- 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.

Issue Date		Effective for services rendered on and after	October 20, 2016
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OREGON NO. 3
SHADOW WOOD WATER SERVICE LLC

ATTACHMENT B
 ORIGINAL SHEET NO. 11

Rule 17: 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 18: 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 19: 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.

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.

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OREGON NO. 3
SHADOW WOOD WATER SERVICE LLC

ATTACHMENT B
 ORIGINAL SHEET NO. 12

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 20: 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 21: 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.

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.

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OREGON NO. 3
SHADOW WOOD WATER SERVICE LLC

ATTACHMENT B
 ORIGINAL SHEET NO. 13

BILLING

Rule 22: 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 ☒ monthly, 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. 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.

Rule 23: 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.

Issue Date		Effective for services rendered on and after	October 20, 2016
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OREGON NO. 3
SHADOW WOOD WATER SERVICE LLC

ATTACHMENT B
 ORIGINAL SHEET NO. 14

Rule 24: 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 25: 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 26: 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.

DISCONNECTION OF WATER SERVICE

Rule 27: 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.

Issue Date		Effective for services rendered on and after	October 20, 2016
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OREGON NO. 3
SHADOW WOOD WATER SERVICE LLC

ATTACHMENT B
 ORIGINAL SHEET NO. 15

Rule 28: 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 29: 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 non-emergencies on a Friday or the day of a state- or utility-recognized holiday or the day prior to such holiday. (OAR 860-036-0220)

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 the utility, 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.

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OREGON NO. 3
SHADOW WOOD WATER SERVICE LLC

ATTACHMENT B
ORIGINAL SHEET NO. 16

Rule 30: 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 31: 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 32: 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 33: 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.

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.

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ORIGINAL SHEET NO. 17

Rule 34: 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 35: 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 36: 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 37: 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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ATTACHMENT B
 ORIGINAL SHEET NO. 18

Rule 38: 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 tests, 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 39: 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 40: 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 41: 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.

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ORIGINAL SHEET NO. 19

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

Rule 42: 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 43: 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 44: Cross Connection/Backflow Prevention Program

Shadowwood Water Service does not provide any cross connection or backflow services. All cross connection and backflow services are contracted through an outside contractor.

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ATTACHMENT B
 FIRST REVISED SHEET NO. 3

SCHEDULE NO. 1

RESIDENTIAL METERED RATES

Effective Oct. 20, 2017 and forward

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

Applicable: To residential premises.

Base Rate

Service Meter Size	Monthly Base Rate	Usage Allowance
5/8 or 3/4 inch	\$61.85	None
1 inch	N/A	N/A
1½ inches	N/A	N/A

Commodity Usage Rate

Commodity Rate		Number of Units	Unit of Measure	Base Usage Allowance
\$,48	Per	100	gallons	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. 27, 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.

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