

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

UW 142

In the Matter of

SQUAW CREEK CANYON
DEVELOPMENT WATER COMPANY

Request for a General Rate Revision.

ORDER

DISPOSITION: STIPULATION ADOPTED

I. INTRODUCTION AND BACKGROUND

On June 29, 2010, Squaw Creek Canyon Development Water Company (Squaw Creek) filed a request for a general rate revision with the Public Utility Commission of Oregon (Commission). Squaw Creek requests an increase of \$106,102 in revenues, or 142.2 percent higher than the company's 2009 revenues. Under Squaw Creek's proposal, the average customer's monthly bill would increase from \$39.28 to \$112.38. Squaw Creek states that the rate increase is necessary because: (1) it has not had a rate change since 2003 and has been operating at a loss since 2005; (2) it has made significant investments in utility infrastructure, including a new well, a computerized pumping station, security fencing, and three-phase electric to power new pumps; and (3) it hired a full-time management employee. Squaw Creek proposed that the tariffs implementing the new rates become effective July 30, 2011.

The Commission suspended the effective date of Squaw Creek's proposed tariffs for six months to investigate the company's filing.¹ A public comment open house was held on August 10, 2010, in Sisters, Oregon, to allow Squaw Creek's customers to informally comment on the proposed rate revision and to ask questions of company representatives and Commission Staff. A settlement conference was held on September 28, 2010. Although only parties to this docket could participate in settlement negotiations, Commission Staff gave notice of the conference to all of Squaw Creek's customers. Customers were permitted to attend, ask questions, and give comments.

¹ Order No. 10-299 (Aug 3, 2010).

After a thorough investigation of Squaw Creek's revenues, expenses, plant, rate base, and rate design, Staff recommended substantial changes to Squaw Creek's proposal. During the September 28, 2010, settlement conference, Squaw Creek agreed to Staff's changes and a settlement in principle was reached. Staff filed a stipulation implementing the settlement and testimony in support of the stipulation on November 9, 2010.

On November 2, 2010, a group of Squaw Creek customers filed a petition to intervene in this docket. The petitioning customers are Wayne Warren, Larry Scheer, Robert P. Temple, and Robert C. Smith (Customers). The Administrative Law Judge (ALJ) held a prehearing conference with the parties and the Customers on November 15, 2010, and granted the Customers' petition to intervene. Because the petition was filed after a settlement had been reached, the ALJ determined that the most efficient way to proceed was to allow the Customers to submit objections to the stipulation. The Customers filed objections on December 8, 2010. Commission Staff filed a reply to the objections on December 20, 2010.

II. THE STIPULATION

Staff and Squaw Creek agreed to a two-tier rate structure as follows:

	Consumption Range	Rate
Base Rate	0	\$33.25
Variable Rate Tier 1	Up to 12,000 gallons	\$2.75 per 1,000 gallons
Variable Rate Tier 2	Over 12,000 gallons	\$7.69 per 1,000 gallons

These rates reflect an 8.5 percent rate of return on a rate base of \$565,597, and a total revenue requirement of \$156,280. The base rate is calculated to recover \$53,463 of the revenue requirement. The variable commodity rates are calculated to recover \$102,816 of the revenue requirement (28.5 percent from the first tier and 71.5 percent from the second tier).

The stipulation adopted Squaw Creek's proposed 8.5 percent rate of return, although Staff calculated that Squaw Creek could have requested a 9.53 percent rate of return. The stipulation includes a number of adjustments to Squaw Creek's proposed test year expenses and rate base. Specifically, Squaw Creek agreed to the following adjustments proposed by Staff:

- An increase of \$534 in test year purchased power expenses to reflect a rate increase imposed by Squaw Creek's electric provider.
- A decrease of \$868 in test year expenses for office supplies.
- A decrease of \$2,331 in test year operations and maintenance expenses.

- Use of a three-year average of repair costs, after moving major repair expenses to capital plant, for a \$9,265 decrease in test year repair expenses.
- A decrease of \$1,500 in test year computer/electronic expenses.
- Various adjustments to plant to reflect major plant improvements that went into service from 2004 through 2009.
- Removal of excess capacity from rate base, resulting in a considerable reduction to rate base (from \$723,239 to \$565,597).

Overall, the Staff's proposed adjustments resulted in a significant reduction in Squaw Creek's proposed rate revision. Squaw Creek requested an increase of \$106,102 in revenues, or 142.2 percent higher than the company's 2009 revenues. With Staff's adjustments, the increase in revenues is \$83,592, or 109.5 percent. Under Squaw Creek's proposal, the average customer's monthly bill would increase from \$39.28 to \$112.38. With Staff's adjustments, the average customer's monthly bill will increase from \$39.28 to \$70.64.

Staff and Squaw Creek also agreed to adjustments to some of the miscellaneous service charges in Squaw Creek's tariff. With the exception of the connection charge for new service, which changed from \$450 to "at cost," the charges were reduced by \$5 each. Staff and Squaw Creek further agreed that Squaw Creek would file its next general rate revision in 2013 using a 2012 test year.

III. CUSTOMER OBJECTIONS – DISCUSSION AND RESOLUTION

Before addressing the Customers' specific objections, we believe that a brief discussion of the Commission's role in utility ratemaking would be beneficial. In their objections, the Customers question why the Commission believes that it is responsible for ensuring that a private, family-owned company be able to attract capital and investors. The answer is that the law requires the Commission to:

[P]rovide adequate revenue both for operating expenses of the public utility or telecommunications utility and for capital costs of the utility, with a return to the equity holder that is:

(a) Commensurate with the return on investments in other enterprises having corresponding risks; and

(b) Sufficient to ensure confidence in the financial integrity of the utility, allowing the utility to maintain its credit and attract capital.

ORS 756.040(1). These requirements originate in the United States Constitution. As a private company that has dedicated its property for public use, a public utility (even a family-owned public utility) is entitled to just compensation:

Although their assets are employed in the public interest to provide consumers of the State with electric power, [public utilities] are owned and operated by private investors. This partly public, partly private status of utility property creates its own set of questions under the Takings Clause of the Fifth Amendment.

Duquesne Light Co. v. Barasch, 488 US 299, 307, 109 S Ct 609, 616, 102 L Ed 2d 646 (1989). Although this case addressed electric utilities, the same requirements apply to water utilities.

Although we regret that this case results in a large rate increase for customers during difficult economic times, we are required by the U.S. Constitution and by state statute to ensure that a utility's rates provide adequate revenue for operating expenses and provide an opportunity for the utility to earn a reasonable rate of return. Ultimately, it is also in the customers' best interest for the utility to have adequate resources to ensure safe and reliable service.

A. Evidence in Support of Staff's Findings

The Customers question whether Staff reviewed tax documents for Squaw Creek, as well as other companies with the same owner, in evaluating the accuracy of the information provided by Squaw Creek in support of its rate revision. Staff responds that it did, in fact, review Squaw Creek's Internal Revenue Service (IRS) tax filings for 2008 and 2009, but further states that tax filings are not generally required for Staff to perform an adequate analysis of a request for a general rate revision. Staff also notes that it is only concerned with Squaw Creek's information and not the information for the other companies owned by Squaw Creek's owner.

Although we appreciate that the Customers want to ensure that Staff's investigation was thorough and complete, the Customers' concerns about reviewing Squaw Creek's tax filings are misplaced. First, Staff did review Squaw Creek's tax filings for the test year (2009) used to establish rates, as well as the previous year. Second, as Staff points out, the information reviewed by Staff during the investigation of a rate revision application is more detailed than the information provided in IRS or Oregon Department of Revenue tax filings. Staff reviews receipts, invoices, contracts, insurance policies, and other documents and data to verify the information provided in the company's rate filing. Finally, to the extent the Customers believe that Staff should also be reviewing the tax filings of other companies owned by Squaw Creek's owner, that information is not relevant in these proceedings. Oregon Administrative Rule (OAR) 860-036-0739 prohibits cross-subsidization between a utility and its affiliates. Not only does this prevent the owner from taking money from one of the other companies and giving it to Squaw Creek, but it also prevents the owner from taking money from Squaw Creek to give to one of the other companies, which is in the interest of Squaw Creek's customers.

B. Squaw Creek's Ownership

The Customers argue that because the current owner inherited Squaw Creek from his father, instead of purchasing the company, the owner has no investment in the company. In effect, the Customers argue that rate base should be reset at zero. Staff replies that a change in shareholders does not necessarily change the assets and liabilities of the company itself.

Staff is correct that the assets and liabilities of a company do not necessarily change with a change in ownership. In fact, as Staff points out, even when one company is purchased by another, the purchased company's rates do not change based on the purchase price. Rates are a function of a utility's expenses and investments in rate base assets. When the utility makes an investment in a rate base asset, it is the *company* that makes that investment, not the company's shareholders. This distinction between the company and its shareholders is not unique to utilities, and serves to protect not only shareholders, but also customers.

C. Staff's Qualifications

The Customers question the qualifications of the two Commission Staff members who participated in this docket. Specifically, the Customers state that the Staff members do not have degrees, licenses, or certifications in accounting or finance. The Customers do not state how these alleged deficiencies affected Staff's analysis in this docket.

Staff responds that their qualifications exceed the minimum qualifications required for their positions. In addition, the lead Staff person in this docket has been assigned as the principal staff person or has reviewed every water rate case since docket UW 107, which was filed in February 2005.

We reject the Customers' concerns for two reasons. First, the Customers' complaints that the Staff members assigned to this docket do not have adequate qualifications are baseless. Both staff analysts are eminently qualified for their positions. Ratemaking is more than just an accounting exercise, and it requires diverse experience. Specific accounting or finance degrees or certifications are not required. Second, it is not sufficient to simply question the qualifications of Staff members without also stating how those alleged deficiencies negatively affected the Staff's analysis. In this case, Staff's analysis was thorough and resulted in a significant reduction in Squaw Creek's proposed rate increase, to the benefit of Squaw Creek's customers.

D. Rate Impact

The Customers state that Staff inaccurately claims that the rate increase is 109.5 percent, and that the impact of the rate change will vary widely depending upon customer usage. Staff responds that the Customers misunderstand Staff's statement. The 109.5 percent figure is the increase in revenue over test year (2009) revenue, not the

average increase in rates. Staff acknowledges that the percentage increase for any given customer will vary depending upon monthly usage.

This objection to the stipulation is clearly based on a misunderstanding of Staff's statement. The 109.5 percent figure is not the average rate increase for customers; it is the increase in Squaw Creek's overall revenue requirement. How that increased revenue requirement is recovered in rates is determined by the rate design. Throughout Staff's testimony in support of the stipulation, Staff makes it clear that the rate changes will affect different customers differently, depending on usage.

E. Two-Tier Rate Structure

The Customers raise multiple issues with the stipulation two-tier rate structure. Making allegations ranging from subsidization of customers who use less water, wealth redistribution, and intentionally punitive rates, the Customers' basic argument is that there should be one rate for all customers. The Customers state that this is the same principle used for "natural gas" and "electric kilowatts."

Staff responds that average and lower-than-average water users would be penalized under a one-rate system. Staff states that the higher-than-average water users were the reason that Squaw Creek had to make many of its new investments in infrastructure, and therefore those customers should bear a greater portion of the rate increase. Otherwise, according to Staff, average and lower-than-average users would be subsidizing higher-than-average water users.

The Customers' objections to Staff's two-tier rate design are based on a misunderstanding of utility rates. Contrary to the Customers' assertions, natural gas and electric rates are not based on the principle of one rate for all customers. Natural gas and electric rates vary by customer class (for example, residential versus industrial customers) and within the individual customer classes (for example, multiple-tier rates based on usage).

The general goal of rate design is to ensure that customer rates reflect the cost of serving that customer. Staff's rate design in this docket is consistent with that goal. As noted in this docket, rate design is also sometimes used to encourage specific behavior, such as resource conservation. But rate design is not used to redistribute wealth or "penalize" higher-than-average users.

As demonstrated in this docket, higher-than-average water users generally do cost more to serve, and the higher rates for these customers reflect those costs. To meet the higher demand in this case, Squaw Creek was required to dig a new well, get three-phase power, and new pumps and pumping equipment. Staff concluded that the higher-than-average users were the primary reason that these infrastructure improvements were required. It is therefore reasonable to charge a higher rate when usage exceeds the average level. We find that Staff's rate design is reasonable and fair under the circumstances of this case.

F. Inclusion of Three-Phase Electric in Rate Base

One of the infrastructure improvements made by Squaw Creek was investment in three-phase electrical power. Under Squaw Creek's electrical provider's rules, Squaw Creek was required to pay for the equipment associated with the improvement, but then contribute the equipment back to the electric utility. The Customers object to the inclusion of the three-phase electrical as a rate base asset instead of an expense because Squaw Creek does not own the associated equipment.

Staff responds that it is standard electric utility policy to have an entity pay for an improvement, then contribute the equipment associated with the improvement back to the utility. Staff also states that the improvement was required to ensure adequate service to customers based on loads and consumption. Staff argues that the fact that Squaw Creek does not own the equipment does not erase the investment that the company made. Staff points out that, by capitalizing the expense, the effect on rates for the test year is lower than it would be if the improvement was included in rates as an expense. Regardless, Staff also notes that this treatment of the improvement is consistent with IRS rules. We agree with Staff that it is appropriate to include Squaw Creek's investment in three-phase electrical service as a rate base asset.

G. Basic Monthly Charge

The Customers question the increase in the basic monthly charge from \$23 with a 4000 gallon water allowance to \$33.25 with no water allowance. Staff states that it is routinely eliminating the consumption allowance in water rate cases because users should pay for the water they use. The base rate was calculated to recover 34.21 percent of Squaw Creek's revenue requirement. We find Staff's approach is reasonable and results in fair, just, and reasonable rates.

H. Connection Charge for New Service

The Customers object to the change in the connection charge for new service. Under the stipulation, the charge changed from \$450 to "at cost." Staff replies that the charge was changed to comply with OAR 860-036-0030(4), which requires service connection charges to be cost-based. Because some service connections would cost less than \$450, and some would cost more, Staff believes setting the rate "at cost" is appropriate. We agree with Staff, but understand the Customers' concern about not knowing the cost of a service connection in advance. If a customer is concerned about the cost of a particular service connection, the customer may contact the Commission's Consumer Services Division for assistance.²

² Please go to <http://www.puc.state.or.us/PUC/consumer/compro.shtml> for further information, or call 1-800-522-2404.

I. Billing

The Customers raise an issue related to when, under its terms and conditions of service, Squaw Creek is permitted to use “estimated” billings rather than billings based on meter readings. The Commission is sympathetic to the Customers’ concerns, but this issue is irrelevant in these proceedings. If the Customers have an issue with the company’s compliance with its terms and conditions of service, then we encourage the Customers to contact our Consumer Services’ Division for assistance.

J. No Agreement with All Parties

The Customers object to adoption of the stipulation without the agreement of all parties in the docket. The Customers state that they were not involved in negotiating the stipulation and request an evening settlement conference for further discussions.

In this docket, the Customers were given notice of the settlement conference on September 28, 2010. Although the meeting was held during working hours, many customers were able to attend and give comments or ask questions. Because the Customers did not intervene earlier in the proceedings, they could attend, but not participate in the settlement negotiations, which is standard practice at the Commission. Agreement of all parties to a proceeding is not necessary. If, as in this case, there are parties objecting to the stipulation, the Commission will consider those objections in determining whether to adopt the stipulation. We note that it is standard practice for the Commission to hold public comment meetings during the evening for the customers’ convenience, but settlement conferences are usually held during working hours.

K. Average Consumption

The Customers object to Staff’s usage of 5,700 gallons as the average consumption rate for water users in Oregon. The Customers state that the weather is different in central Oregon, and therefore statewide averages are not comparable. In response, Staff provided the average usage from other water utilities in central Oregon.

We note that Staff did not use the statewide average of 5,700 gallons for delineating higher-than-average water users from average or lower-than-average water users in this case. In fact, Staff calculated the average water usage for Squaw Creek customers (12,567 gallons) and based its rate design on that average, setting the dividing line between the variable commodity rates at 12,000 gallons. We therefore find that any concerns about the effect of the reference to the statewide average on Staff’s analysis are unfounded.

L. Test Year

The Customers argue that the test year should include the three prior fiscal tax years, using the same rules as the IRS. The Customers also argue that the test year

should not include extraordinary expenses. Staff notes that it does examine expenses in previous years to identify extraordinary or one-time expenses in the test year, and removes those expenses.

It is standard in rate cases to use a single year as the “test year.” It is also standard practice to “normalize” the test year to remove extraordinary expenses to create a test year that reflects average expenses. Staff acted consistently with Commission practice in this docket.

M. New Management Employee

Squaw Creek recently hired a full-time employee to manage the company. The manager’s salary is \$30,000. The Customers contend that a full-time management employee is not necessary for such a small company. Staff responds that the addition of the employee has increased customer satisfaction with the utility, and notes that the salary is comparable to similar management positions at similar water utilities. Because the manager is a personal friend of Squaw Creek’s owner, Staff took extra care in ensuring that the salary was reasonable and that a full-time employee was necessary. Staff notes that the owner does not pay himself and salary, and there are no other employees.

We find that Staff’s review of the need for a new management employee, and the salary paid to that employee, was thorough and detailed. We agree with Staff that the expense is reasonable.

N. Comparisons to Other Water Companies

The Customers contend that Staff contradicts itself when it tells Customers that they cannot compare Squaw Creek to other water companies to determine rates, but then uses comparisons to other water companies in its testimony. Staff states that there is a distinction between comparing overall rates of individual companies and comparing individual expenses or cost drivers used in setting rates.

Staff is correct that comparisons with other companies are not the standard we use in determining fair, just, and reasonable rates. We must, instead, “look at each company’s specific requirements rather than rates charged by other companies.”³ But we agree with Staff that there is a distinction between comparing company rates and comparing individual elements used in determining those rates. Comparisons between individual expenses or elements used in setting rates can be informative in determining whether that individual element is reasonable.⁴

³ *Pacific Northwest Bell Tel. Co. v. Sabin*, 21 Or App 200, 205 n 4, rev den (1975).

⁴ We do not respond to two of the Customers’ objections because we deem them irrelevant. Namely, the objection regarding statements made by Commission Staff regarding whether the individual Staff person would pay these rates and the ability to drill a well to supplement or supplant water service. We do not find either the statements themselves or the objections to these statements relevant. In addition, we note that there is no current applicable statute requiring rate increases above 50 percent to be implemented over several years.

IV. CONCLUSION


The Commission has reviewed the stipulation and Staff's supporting testimony and exhibits. We have also reviewed and considered the objections raised by Squaw Creek's customers. We conclude that the revenue requirement and rate design proposals in the stipulation are fair, just, and reasonable and should be adopted. The stipulation, however, includes tariffs with a January 1, 2011 effective date. Because this order is issued after that date, we direct Squaw Creek to file revised tariffs with a February 1, 2011 effective date.

V. ORDER

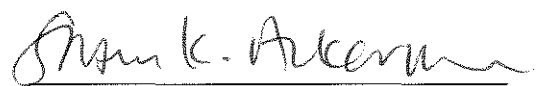
IT IS ORDERED that:

1. Advice No. 10-15 filed by Squaw Creek Canyon Development Water Company is permanently suspended.
2. The stipulation between Squaw Creek Canyon Development Water Company and the Staff of the Public Utility Commission of Oregon, attached as Appendix A, is adopted, with the exception of the stipulated effective date for the tariff revisions.
3. Squaw Creek Canyon Development Water Company must file revised tariff sheets consistent with this order and Appendix A, with an effective date of February 1, 2011.

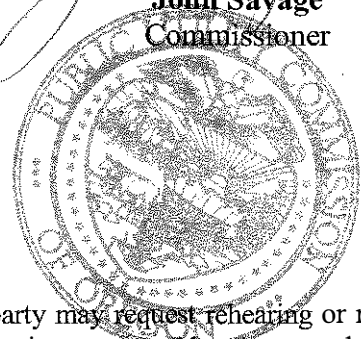
Made, entered, and effective JAN 26 2011



John Sayage
 Commissioner



Susan K. Ackerman
 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 142

In the Matter of SQUAW CREEK CANYON)
DEVELOPMENT)
Proposed Tariffs for) STIPULATION
Water Service.)

Squaw Creek Canyon Development ("Squaw Creek" or "Company") and the Public Utility Commission Staff (Staff) appearing by Michael Dougherty and Danielle Sander, (inclusively referred to as "Parties") enter into this global settlement of all issues. There were no intervenors participating in this docket at the time of September 28, 2010, settlement conference.

1.

The Parties support entering into evidence, without requiring any Party to lay a foundation for its admission, Staff's written testimony, marked as Staff/100, Sander-Dougherty/1-29, Staff/101, Sander-Dougherty/1, Staff/102, Sander-Dougherty/1, Staff/103, Sander-Dougherty/1-8, and Attachments A and B to this stipulation.

2.

The Parties support and recommend the Commission adopt a 109.5 percent increase over test year revenues. Based on the test period, this increase results in a total revenue requirement of \$156,280. The stipulated Revenue Requirement is included as Attachment A.

1 3.

2 The Parties support total revenue deductions of \$108,204. Additionally, the
3 Parties support an 8.50 percent return on rate base of \$565,597 resulting in net
4 income of \$48,076.

5 4.

6 The Parties support a residential base rate of \$33.25, and a commodity first
7 tier rate of \$2.75 per 1,000 gallons and a second tier rate of \$7.69 per 1,000 gallons.
8 These rates are set forth in the tariff sheet designated PUC Oregon No. 2, Original
9 Sheet No. 3. The Company's tariffs and rules are contained in Attachment B.

10 5.

11 The Parties also support the Miscellaneous Services Charges according to
12 Schedule No. 2 as set forth in the tariff sheet designated as PUC Oregon No. 2,
13 Original Sheet No. 4.

14 6.

15 The Parties support that the tariffs go into effect for service on and after
16 January 1, 2011.

17 7.

18 The parties agree that Squaw Creek will file for their next rate revision in 2013
19 using a 2012 test year.

1 8.

2 By entering into this Stipulation, no Party shall be deemed to have approved,
3 accepted, or consented to the facts, principles, methods, or theories employed by
4 any other Party in arriving at the agreed revenue requirement, rate spread, and
5 design.

6 9.

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

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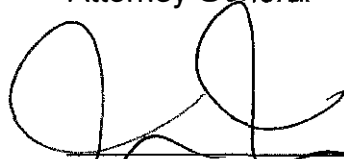
10.

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 8th day of November 2010.

Respectfully submitted,

JOHN KROGER
Attorney General



Jason W. Jones, # 00059
Assistant Attorney General
Of Attorneys for PUC Staff

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10.

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DATED this 8 day of November 2010.

Sherry Elliott

Sherry Elliott, Manager
Squaw Creek Canyon Development

Water Company
DOCKET NO. UW 142
Test Year: 10/08-9/09

Company Case
142.2%

Staff
109.5%

UW 142
Attachment A

Acct. No.	REVENUES	A	B	C	D	E	F	G	H	
		Balance Per Application Test Year: 10/08-9/09	Proposed Company Adjustments	Adjusted Results (A+B=C)	Proposed Staff Adjustments	Adjusted Results (A+D=E)	Staff Proposed Rev Changes	Proposed Results (E+F=G)	Difference between Staff & Company	
1 461.1	Residential Water Sales	74,614	106,102	180,716	(1,928)	72,686	83,592	156,278	-\$24,436	
2 461.2	Commercial Water Sales			0	0	0	0	0	\$0	
3 465	Irrigation -			0	0	0	0	0	\$0	
4 462	Irrigation - Golf Course			0	0	0	0	0	\$0	
5 471	Misc. Revenues			0	0	0	0	0	\$0	
6	Special Contracts			0	0	0	0	0	\$0	
7	TOTAL REVENUE	74,614	106,102	180,716	(1,928)	72,686	83,592	156,280	-\$24,436	
8				180,716	(1,928)	72,686		156,278		
9	OPERATING EXPENSES									
10 601	Salaries and Wages - Employees			0	0	0		0	\$0	
11 603	Salaries and Wages - Officers			0	0	0		0	\$0	
12 604	Employee Pension & Benefits			0	0	0		0	\$0	
13 610	Purchased Water			0	0	0		0	\$0	
14 611	Telephone/Communications	1,803	41	1,844	67	1,870		1,870	\$26	
15 615	Purchased Power	12,876	296	13,172	830	13,706		13,706	\$534	
16 618	Chemical / Treatment Expense			0	0	0		0	\$0	
17 619	Office Supplies	2,305	53	2,358	(815)	1,490		1,490	-\$868	
18 619.1	Postage	1,025	25	1,050	(87)	938		938	-\$112	
19 620	O&M Materials/Supplies		3,000	3,000	669	669		669	-\$2,331	
20 621	Repairs to Water Plant	11,688	(1,668)	10,000	(10,933)	735		735	-\$9,265	
21 631	Contract Svcs - Engineering			0	0	0		0	\$0	
22 632	Contract Svcs - Accounting			0	0	0		0	\$0	
23 633	Contract Svcs - Legal			0	0	0		0	\$0	
24 634	Contract Svcs - Management Fees	22,060	7,940	30,000	6,967	29,027		29,027	-\$973	
25 635	Contract Svcs - Testing	2,429	(1,132)	1,297	(1,201)	1,228		1,228	-\$69	
26 636	Contract Svcs - Labor			0	0	0		0	\$0	
27 637	Contract Svcs - Billing/Collection	2,400	(2,400)	0	(2,400)	0		0	\$0	
28 638	Contract Svcs - Meter Reading	2,400	(2,400)	0	(2,400)	0		0	\$0	
29 639	Contract Svcs - Other		500	500	0	0		0	-\$500	
30 641	Rental of Building/Real Property			0	0	0		0	\$0	
31 642	Rental of Equipment			0	0	0		0	\$0	
32 643	Small Tools			0	0	0		0	\$0	
33 648	Computer/Electronic Expenses	704	796	1,500	(704)	0		0	-\$1,500	
34 650	Transportation	1,867	60	1,927	171	2,038		2,038	\$111	
35 656	Vehicle Insurance		500	500	500	500		500	\$0	
36 657	General Liability Insurance	3,616	135	3,751	135	3,751		3,751	\$0	
37 658	Workers' Comp Insurance			0	0	0		0	\$0	
38 669	Insurance - Other			0	0	0		0	\$0	
39 660	Public Relations/Advertising			0	0	0		0	\$0	
40 666	Amortz. of Rate Case			0	0	0		0	\$0	
41 667	Gross Revenue Fee (PUC)	187		187	(5)	182	209	391	\$204	
42 668	Water Resource Conservation			0	0	0		0	\$0	
43 670	Bad Debt Expense	1,409	(909)	500	(958)	451		451	-\$49	
44 671	Cross Connection Control Program			0	0	0		0	\$0	
45 672	System Capacity Dev Program			0	0	0		0	\$0	
46 673	Training and Certification		200	200	264	264		264	\$64	
47 674	Consumer Confidence Report	200		200	0	200		200	\$0	
48 675	General Expense	1,014	89	1,100	(822)	189		189	-\$911	
49	TOTAL OPERATING EXPENSE	67,960	5,126	73,086	(10,722)	57,238	209	57,447	-\$15,639	
50				73,086	(10,722)	57,238		57,447		
51	OTHER REVENUE DEDUCTIONS									
52 403	Depreciation Expense	36,449	(8,713)	27,736	(14,488)	21,961		21,961	-\$5,775	
53 407	Amortization Expense			0	0	0		0	\$0	
54 408.1	Property Tax	8,328	672	9,000	0	8,328		8,328	-\$672	
55 408.1	Payroll Tax			0	0	0		0	\$0	
56 408.1	Other			0	0	0		0	\$0	
57 409.1	Oregon Income Tax - Imputed		8,048	5,182	1,625	(1,241)	6,254	5,013	-\$170	
58 409.10	Federal Income Tax - Imputed		25,242	16,406	5,009	(3,827)	19,283	15,456	-\$951	
59	TOTAL REVENUE DEDUCTIONS	101,035	30,375	131,411	(18,577)	82,458	25,745	108,204	-\$23,207	
60	NET OPERATING INCOME	(26,421)	75,727	49,305	16,649	565,597	57,848	48,076	-\$1,230	
61				131,411	(18,577)	82,458				
62 101	Utility Plant in Service	592,067	840,858	1,432,925	306,385	898,452		898,452	-\$534,473	
63	Less:									
64 108.1	Depreciation Reserve	564,078	163,387	727,465	(215,948)	348,130		348,130	-\$379,335	
65 271	Contributions in Aid of Const			0	0	0		0	\$0	
66 272	Amortization of CIAC			0	0	0		0	\$0	
67 281	Accumulated Deferred Income Tax			0	0	0		0	\$0	
68	Net Utility Plant	27,989	677,471	705,460	522,333	550,322	0	550,322	-\$155,138	
69	Plus: (working capital)			705,460		550,322		550,322		
70 151	Materials and Supplies Inventory	11,689	0	11,689	(1,183)	10,506		10,506	-\$1,183	
71	Working Cash (Total Op Exp /12)	5,663	427	6,090	(893)	4,770	0	4,770	-\$1,320	
72	TOTAL RATE BASE	45,341	677,898	723,239	520,256	565,597	0	565,597	-\$157,642	
73	Rate of Return	-58.27%		6.82%		-1.73%		8.50%		

Company	Staff
number of customer: 134	134
op/exp/cust/year \$545	\$429
Cash Flow 77,041	70,036

PUC Oregon No. 2
Squaw Creek Canyon Development

Containing Rules and Regulations
Governing Water Utility Service

NAMING RATES FOR

SQUAW CREEK CANYON DEVELOPMENT

**PO Box 760
Sisters OR 97759**

541-549-6261

Serving water in the vicinity of
Sisters, Oregon

Issue Date / Filing Date		Effective for Service on or after	January 1, 2011
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SCHEDULE NO. 1

RESIDENTIAL METERED RATES

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

Applicable: To residential premises.

Base Rate

SERVICE METER SIZE	MONTHLY BASE RATE	USAGE ALLOWANCE	MEASURING UNIT
5/8 inch or 3/4 inch	\$33.25	0	<input type="checkbox"/> cubic feet (cf) <input checked="" type="checkbox"/> gallons (gal)
1 inch	\$		<input type="checkbox"/> cubic feet (cf) <input type="checkbox"/> gallons (gal)
1½ inches	\$		<input type="checkbox"/> cubic feet (cf) <input type="checkbox"/> gallons (gal)
2 inches	\$		<input type="checkbox"/> cubic feet (cf) <input type="checkbox"/> gallons (gal)
	\$		<input type="checkbox"/> cubic feet (cf) <input type="checkbox"/> gallons (gal)

Commodity (Or Variable) Usage Rate

	COMMODITY RATE	NO. OF UNITS	UNIT	
Tier 1	\$2.75	Per 1000	<input type="checkbox"/> cf <input checked="" type="checkbox"/> gal	From 0 to 12,000
Tier 2	\$7.69	Per 1000	<input type="checkbox"/> cf <input checked="" type="checkbox"/> gal	Above 12,000

(Sample: \$1.00 per 1000 gallons above 3000 gallons)

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. 26, 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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SCHEDULE NO. 2

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.

<u>Connection Charge for New Service</u> (Rule Nos. 8 & 9)	
Standard 3/4-inch service	At cost
Nonstandard 3/4 inch service	At cost
Larger than 3/4-inch	At cost
Irrigation hookup (if provided on separate system)	At cost
 <u>Meter Test</u> (Rule No. 21)	
First test within 12-month period	N/C
Second test within 12-month period	\$25
 <u>Pressure Test</u> (Rule No. 40)	
First test within 12-month period	N/C
Second test within 12-month period	\$25
 <u>Late-Payment Charge</u> (Rule No. 22)	
Charged on amounts more than 30 days past due	Pursuant to OAR 860-036-0130 as of 1/1/10 – 1.5%)
 <u>Deposit for Service</u> (Rule No. 5)	
Pursuant to OAR 860-036-0040(2)	Pursuant to OAR 860-036-0050 as of 1/1/10 – 0.5%)
 <u>Returned-Check Charge</u> (Rule No. 23)	
	\$20 each occurrence
 <u>Trouble-Call Charge</u> (Rule No. 36)	
During normal office hours	\$25 per hour
After normal office hours on special request	\$35 per hour
 <u>Disconnection/Reconnect Charge</u> (Rule Nos. 28 & 29)	
During normal office hours	\$25
After normal office hours on special request	\$35
 <u>Unauthorized Restoration of Service</u> (Rule No. 30)	
	Reconnection charge plus costs
 <u>Damage/Tampering Charge</u> (Rule No. 34)	
	At cost
 <u>Disconnect Site-Visit Charge</u> (Rule No. 29)	
	\$25

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RULES AND REGULATIONS

Rule 1: Jurisdiction of the Commission

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

Rule 2 Definitions

- A. **“Utility” shall mean: Squaw Creek Canyon Development**
- B. “Applicant” shall mean any person, business, or organization that applies for service or reapplies for service at a new or 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 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 or statement of rates, whichever is applicable;
- 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;
- 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 service and shall not be accepted until the applicant establishes credit as set forth in OAR 860-036-0040.

An application for service must be made where:

- A. An applicant, who has not previously been served by the Utility, requests service, or;
- B. Service has been involuntarily discontinued in accordance with the Utility and Commission rules, and service is requested, or;
- 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 type of use to which the water is put, or the number of premises served.

Rule 5: Establishment of Credit and Deposits (OAR 860-036-0040, 0045, 0050 and 0055)

In accordance with the Commission's rules for credit establishment and deposits, an applicant for new service or a customer seeking continued service 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 and 0045)

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The Utility shall pay interest on deposits at the rate established by the Commission. After the customer has paid its water service bills for 12 consecutive months without having had service discontinued for ~~nonpayment, or did not have 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) (OAR 860-036-0050 and 0055):

1. Issuing the customer a refund check, or
 2. **Crediting the customer's account.**
(The customer is entitled to a refund check upon request.)

Rule 6: Customer Service Line

The customer shall own and maintain the customer service line and promptly repair all breaks and leaks. For non-metered service, the customer service line begins at the property line or utility-owned shut-off valve. For metered service, the customer service line begins on the customer's side of the meter or utility-owned shut-off valve. 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 service connection is that portion of the water system between the Utility's main line and the customer's property line, including all material and installation (hot tap, pipes, fittings, meter, etc.) necessary to provide water service to the customer. 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 Utility's service lines or any portion of the Utility's plumbing.

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- A. The Utility may purchase and install the service connection and meter and, generally all materials and labor are included in rate base; or
- B. ~~The Utility may purchase and install the service connection and charge the customer the cost of the service connection less the cost of the meter. Generally, the cost of the meter is included in rate base; or~~
- C. The customer may purchase the meter and contribute or gift the meter to the Utility. Contributions of this type are generally excluded from rate base.
- D. In special cases and upon approval by the Commission, a customer may purchase and install the service connection (including meter, meter box, parts, and all excavation and plumbing) and contribute or gift the entire service connection to the Utility. Contributions of this type are generally excluded from rate base.

Rule 9: Service Connection Charge

An applicant requesting permanent water service to a premise not previously supplied with permanent service by the Utility may be required to pay the cost of the service connection, including or excluding the meter as provided in Rule No. 8 and the Utility's Miscellaneous Service Charges in this tariff.

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-based amount necessary to extend the main line to provide service.

For a period of **five (5) years** after construction of the requested main line extension, the Utility shall also collect from any additional applicants whose connect to the 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.

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Squaw Creek Canyon DevelopmentRule 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.~~

Rule 13: Multiple Residences/Commercial Users

An apartment building, mobile home park, motel, trailer camp, duplex, townhouse, or any property consisting of more than one residential/commercial 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 may 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 SERVICERule 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:

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- A. An overdue amount remains outstanding by the applicant at this or another 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)

Except for residential customers or applicants who were disconnected for theft of service, a water utility shall provide service to a residential applicant upon receipt of payment equal to at least one-half of any overdue amount. The balance of the amount owed to the utility shall be paid within 30 days of the date service is initiated

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 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.

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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.

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(7))

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 (fast or slow) 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 the request. The customer or the customer's representative has the right to be

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present during the 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.

The first meter test in a twelve-month period is at no cost to the customer. If a customer requests a meter test more often than once in any 12-month period, the fee 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 or slow under conditions of normal operation, the Utility shall refund the fee to the customer.

BILLING

Rule 22: Billing Information & Late-Payment Charge
(OAR 860-036-0120, OAR 860-036-0125 & OAR 860-036-0130)

All bills, including closing bills, are due and payable at the Utility office within 15 days when rendered by deposit in the mail or other reasonable means of delivery, unless otherwise specified on the bill. The date of presentation is the date on which the Utility mails the bill.

As near as practical, meters shall be read (check one) **monthly intervals**, bimonthly, quarterly, semi-annually, or annually 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. However, a Utility may request upon application special authority from the Commission to bill at intervals other than monthly.)

The Utility will keep at least 10 years of all billings records (flat or metered rates) and three years of meter readings. The Utility shall make a reasonable effort 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. When requested, the Utility shall demonstrate to the Commission the reason for the estimated billing.

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;

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- 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.

All bills become delinquent if not paid within **15 days** of the date the Utility mailed or delivered the bill. (OAR 860-036-0125 requires a minimum of 15 days.)

A late-payment charge may be assessed against any account that has an unpaid balance when the next bill is being prepared. The charge will be computed on the delinquent balance owing at the time of preparing the subsequent month's bill at the late-payment rate specified in the Miscellaneous Service Charges Schedule. The late-payment rate is determined annually by the Commission, and the Utility will be notified of the rate.

If an account is permitted to become delinquent, the Utility may disconnect water service by giving proper notice to the customer as provided in Rules 28/29, prior to or after the Utility assesses the late payment charge.

Rule 23: Returned Payment Charge

The Returned Payment Charge listed on the Miscellaneous Service Charges Schedule shall be billed for each occasion a customer submits any type of noncash payment (check, debit, electronic, etc.) that is not honored, for any reason, by a bank or other financial institution.

Rule 24: 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, a reasonable effort will be made to read the meter upon opening and closing a customer's account. Consumption will be charged at scheduled rates. Any minimum monthly charge will be prorated.

Rule 25: 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

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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 26: Voluntary Discontinuance (OAR 860-036-0210)**

Except for emergencies, customers who (for any reason) wish to have service discontinued shall provide the Utility at least five business-days' advance notice of the requested to discontinue service. The customer is responsible to identify the date of disconnection and for all service rendered until the Utility receives the customer's notice and the service is discontinued on the requested date.

Rates are based on continuous service. Disconnect and reconnect transactions do not relieve a customer from the obligation to pay the base rate or minimum charge that accumulates during the period of time the service is voluntarily disconnected for up to 12 months. Should the customer wish to recommence service within 12 months at the same premise, the customer will be required to pay the accumulated minimum monthly charge or base rate 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 27: 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, the utility shall not charge the customer for disconnection or restoration of service.

Rule 28: 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 business days' written notice before water service may be shut off. The notice shall state:

A. The reason(s) for the proposed disconnection;

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- 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 Utility intends 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 contact the customer or an adult at the premises 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) The Utility shall not disconnect residential service due to the failure to pay or meet obligations associated with nonresidential service. (OAR 860-036-0225)

Residential customers who are notified of pending disconnection may choose between two Time Payment Agreement options. The Utility will offer such customers a choice of a levelized-payment plan and an equal-pay arrearage plan. A Utility and customer may mutually agree to an alternate payment arrangement provided it be in writing and signed by all parties.

Disconnection for failure to comply with a Time Payment Agreement

A time-payment agreement disconnection occurs 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 the customer at least 15 days’ written notice and a 5 business day written notice before the water service may be disconnected.

Rule 29: Disconnection and Reconnection of Water Service and Field Visit Charge

Disconnection Charge

When service was disconnected pursuant to OAR 860-036-0245 or OAR 860-036-0250, the water utility may charge the disconnect fee stated in its tariff.

Reconnection Charge

Service must be reconnected after the customer or applicant has requested reconnection, paid all applicable charges, provided necessary credit information, and satisfied all requirements for service. When service was disconnected pursuant to OAR 860-036-0245 or OAR 860-036-0250, the water utility may charge the reconnection fee stated in its tariff.

Field Visit Charge

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A water utility may assess a field visit charge whenever the water utility visits a residential service address intending to reconnect or disconnect service, but due to customer action, the water utility is ~~unable to complete the reconnection or disconnection at the time of the visit.~~ The field visit charge must be either filed in its tariffs or included in its statement of rates, whichever is applicable.

A field visit charge may not be assessed to a customer for delivery of any disconnect notice when the Utility has a viable address (es) for the customer. If a Utility delivers a disconnect notice, it is responsible to document its efforts to send the disconnect charge by mail and demonstrate to the Commission the reasonableness of delivering any disconnect notice to the customer's residence.

Rule 30: 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, charges listed on the Miscellaneous Service Charges Schedule are paid in full.

Rule 31: 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 may result in meter removal. All applicable 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 32: 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.

Rule 33: 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

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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 34: 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 35: 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 36: 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.

Rule 37: Water Purity (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.

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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 38: 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. The 20 psi standard is 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. However, adequate pressure may vary depending on each individual water system and customers' circumstances. In the case of a dispute, the Commission will determine the appropriate water pressure for the water utility.

Rule 39: 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 40: 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. The first pressure test in any 12- month period shall be at no charge. 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. 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 non-metered service, the pressure will be tested at the customer's service line or hose bibb or other reasonable point likely to best reflect the actual service pressure.

Rule 41: 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.

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Squaw Creek Canyon Development**Rule 42: 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 43: Cross Connection/Backflow Prevention Program

The Utility will comply with the rules and regulations for the Cross Connection/Backflow Prevention Program, as provided for in ORS Chapter 333 and the Utility's approved Backflow Prevention Program.

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