



Oregon

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Public Utility Commission

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November 17, 2005

Via Electronic Filing and U.S. Mail

OREGON PUBLIC UTILITY COMMISSION
ATTENTION: FILING CENTER
PO BOX 2148
SALEM OR 97308-2148

RE: **Docket No. UW 110** – In the Matter of LONG BUTTE WATER SYSTEM'S
Application for an Increase in the Utility's Total Annual Revenues to
\$221,837 or 78 Percent.

Enclosed for filing in the above-captioned docket is the Public Utility Commission Staff's Testimony and Stipulation. This document is being filed by electronic mail with the PUC Filing Center.

/s/ Lois Meerdink

Lois Meerdink
Regulatory Operations Division
Filing on Behalf of Public Utility Commission Staff
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cc: UW 110 Service List - parties

**PUBLIC UTILITY COMMISSION
OF
OREGON**

UW 110

JOINT TESTIMONY

OF

**RENEE SLOAN
MICHAEL DOUGHERTY
PATRICK R HODGE**

**In the Matter of
LONG BUTTE WATER SYSTEM'S
Application for an Increase in the Utility's Total
Annual Revenues to \$221,837 or 78 Percent**

November 17, 2005

CASE: UW 110
STAFF WITNESS: Renee Sloan
STAFF WITNESS: Michael Dougherty
COMPANY WITNESS: Patrick Hodge

**PUBLIC UTILITY COMMISSION
OF
OREGON**

STAFF EXHIBIT 1

**Direct Testimony
In Support of the
Stipulation**

November 17, 2005

1 **Q. PLEASE STATE YOUR NAMES AND POSITIONS.**

2 A. My name is Renee Sloan. My business address is 550 Capitol Street NE
3 Suite 215, Salem, Oregon 97301-2551. I am employed as a water utility
4 analyst with the Public Utility Commission of Oregon (PUC or Commission).
5 I have been a Commission employee since 1986. For the past four years I
6 have been a water utility analyst reviewing regulated water utility general rate
7 case dockets.

8 My name is Michael Dougherty. I am employed by the Public Utility
9 Commission of Oregon as Program Manager, Corporate Analysis and Water
10 Regulation section of the Utility Program. My business address is 550 Capitol
11 Street NE Suite 215, Salem, Oregon 97301-2551.

12 My name is Patrick Hodge. I am the owner and president of Long Butte Water
13 System, Inc. (LBWS or Company).

14 **Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?**

15 A. The purpose of this Joint Testimony is to introduce and support the Stipulation
16 entered into by Staff and Long Butte Water System, Inc. Our Testimony will
17 (1) summarize the Company's general rate filing; (2) describe Staff's analysis
18 of the results of operations; and (3) describe the revenue requirement, rate
19 spread, and rate designs agreed to by Staff and LBWS in the Stipulation.

20 **Q. WHO ARE THE PARTIES IN THIS DOCKET?**

21 A. The Parties in this docket are Staff; the Company; Martin Hansen, attorney
22 for the Company; and Timothy G. Elliott, attorney for intervenors Dan Rey
23 and Lisa Roberts.

1 **Q. HAVE ALL PARTIES ENTERED INTO THE STIPULATION.**

2 A. No. Timothy G. Elliott, attorney for intervenors Dan Rey and Lisa Roberts, did
3 not agree to the Stipulation.

4 **Q. DID YOU PREPARE EXHIBITS FOR THIS DOCKET?**

5 A. Yes. Exhibit No. 1 is Joint Testimony in support of the Stipulation and Exhibit
6 No. 2 contains exhibits in support of the Joint Testimony.

7 **Q. HOW IS YOUR TESTIMONY ORGANIZED?**

8 A. The Testimony is organized as follows:

9 1) Summary of LBWS's rate application;

10 2) Staff's analysis of LBWS's filing;

11 3) Staff's adjustments to LBWS's filing; and

12 4) Summary of the Stipulation agreed to by Staff and the Company.

13 **SUMMARY OF LONG BUTTE WATER SYSTEM INC.'S RATE APPLICATION**

14 **Q. PLEASE SUMMARIZE THE COMPANY'S GENERAL RATE FILING.**

15 A. LBWS filed tariffs on April 13, 2005, requesting to increase revenues by
16 \$77,625, or 62 percent above 2004 revenues. The Company withdrew those
17 tariffs because the requested revenues were not sufficient to cover expenses
18 shown in the filing. Subsequently, on May 31, 2005, LBWS filed an amended
19 application requesting to increase revenues by \$97,354, or 78 percent above
20 2004 revenues.

1 **Q. WHAT RATE OF RETURN DID THE COMPANY REQUEST?**

2 A. In its application, the Company requested a 9.82 percent rate of return on a
3 rate base of \$93,790. In documents filed September 29, 2005, the Company
4 made adjustments to some of its expenses and amended the rate base amount
5 to \$137,910.

6 **Q. PLEASE DESCRIBE THE COMPANY'S PROPOSED RATES.**

7 A. LBWS proposes to increase the current base rate from \$23.00 to \$50.00. The
8 Company proposes to include a monthly allowance of 401 cubic feet (about
9 3,000 gallons) of water in the base rate. The variable rate would increase from
10 \$1.42 per 100 cubic feet to \$2.30 per 100 cubic feet for usage above 401 cubic
11 feet. Using the Company's projected average monthly consumption of 1,379
12 cubic feet, the average monthly bill at the Company's proposed rates would be
13 \$70.50. This compares to a current average monthly bill of \$42.70.

14 **Q. WHEN WAS THE COMPANY'S LAST RATE INCREASE?**

15 A. LBWS has not increased rates since rates were first established in 1992 when
16 it served one customer. As a result of a customer petition, the Commission
17 opened an investigation (UW 48) in 1994 to review the Company's service and
18 rates. Upon investigation, Staff determined that rates being charged then were
19 reasonable and should remain in effect. Staff and LBWS stipulated to that
20 finding and it was adopted in Order No. 95-1166.

21

STAFF'S ANALYSIS OF THE COMPANY'S RATE FILING

Q. WHAT ARE THE RESULTS OF STAFF'S ANALYSIS OF THE COMPANY'S APPLICATION FOR A RATE INCREASE?

A. Staff's analysis of the Company's proposal results in a recommended annual revenue requirement of \$175,327. Staff also recommends a 9.76 percent return on a rate base of \$83,732. The 9.76 percent return was determined using the weighted cost of capital model including using a 10 percent return on equity.

As a result of Staff's proposal, LBWS' base rate would increase from \$23.00 to \$34.38 per month. Additionally Staff proposed, and the Company agreed to, a two-tier variable rate. The first tier would be \$1.31 per 100 cubic feet (cf) up to 401 cf, and \$1.80 per 100 cubic feet above 401 cf. Staff proposed using a two-tier variable rate to soften the rate increase for low volume users. Staff recommends a 401 cf limit on the first tier since the Company originally proposed a consumption allowance of 401 cf. The following table compares LBWS' current rates, LBWS' proposed rates, and final rates supported by Staff and LBWS:

Rate Design	Current Rates	LBWS Proposed Rate (includes 401 cf Consumption Allowance)	Staff and LBWS Stipulated Rates (No Consumption Allowance)
Base	\$23.00	\$50.00	\$34.38
Variable (per 100 cf) Tier 1	\$1.42	\$2.30	\$1.31
Variable (per 100 cf) Tier 2	N/A	N/A	\$1.80
Total Average Rate	\$42.58	\$72.49	\$57.23

1 As a result of the stipulated rates, the average monthly rate based on 1,379 cf is
2 \$57.23. This is a 34.23 percent increase in the current monthly cost, but is also
3 a 21 percent decrease from the Company's proposed average rate.

4 5 **STAFF ADJUSTMENTS**

6 **Q. WHAT ADJUSTMENTS DID STAFF MAKE TO THE COMPANY'S TEST** 7 **PERIOD EXPENSES?**

8 A. Staff made the following adjustments to the Company's test year expenses:

- 9 • **Salaries and Wages - Employees**

10 Since the Company began serving customers in 1992, owner Patrick
11 Hodge has performed all the duties of operating, maintaining, repairing,
12 and managing the water system. Although Patrick Hodge is not paid a
13 salary; Pat Hodge Construction (PHC) is paid \$25 per hour for labor, plus
14 actual cost of materials to make emergency maintenance repairs under
15 an Affiliated Interest Agreement with LBWS. The owner's wife, Rebecca
16 Hodge, performs all office/bookkeeping related jobs for LBWS without
17 compensation. LBWS states that as the customer base has increased,
18 so have the demands for labor.

19 In its application, LBWS proposed hiring a full-time office employee,
20 a part-time Manager/System Operator, and a part-time laborer totaling
21 \$78,060 for Employee Salaries and Wages expense. LBWS amended
22 its proposal to a full-time Office employee, a full-time Manager/System

1 Operator, and a part-time Laborer totaling \$103,860 for Employee
2 Salaries and Wages expense.

3 Based on information the Company provided at the November 3,
4 2005, Settlement Conference in this docket, Staff proposes a full-time
5 Manager/Operator, full-time Office employee, and a part-time position to
6 provide coverage in the office and in the field. Staff's proposal reflects
7 wages between the 25th and 50th percentiles of Deschutes County
8 prevailing wages¹ rather than the higher wages proposed by LBWS.

9 Staff proposed \$16.60 per hour (\$34,451 per year) for the Manager/
10 System Operator, \$12.27 per hour (\$25,462 per year) for the Office
11 employee, and \$12.27 per hour (\$12,731 per year) for the part-time
12 position. Discussion of Staff's recommendation of benefits for the two
13 full-time employees begins at Staff-LBWS/1, Sloan/Dougherty/Hodge/8,
14 line 18.

Test Year	LBWS Request	Staff Adjustment	Recommended Expense
\$0	\$103,860	\$72,644	\$72,644

15 The Company originally considered Staff's suggested hourly rates
16 low; however, since LBWS has not yet started the hiring process, the
17 only known and measurable data was the OLMIS website. As a means
18 to substantiate the Manager/System Operator wage, Staff examined the
19 American Water Works' Association, 2005 Water Utility Compensation
20 Survey. The wage proposed by Staff was between the minimum and
21

¹ Wages were obtained from the Oregon Employment Department, Oregon Labor Market Information System, www.OLMIS.org.

1 middle salary range for Senior/Lead Water Treatment Plant Operator,
2 and approximately 12 percent lower than the minimum average salary
3 range for Water Operations Manager. Although the proposed wage is
4 lower than the minimum average wage for Water Operations Manager,
5 Staff and the Company agreed that a baseline needed to be established,
6 and that the Deschutes County wage data was the best proxy to use as
7 a beginning wage.

8 Staff and LBWS did not initially agree on the number of employees.
9 However, after reviewing position responsibilities of employees, Staff
10 agreed to support a 2.5 full-time equivalent (FTE) level. The additional
11 0.5 FTE, in addition to duties assigned, will allow for required coverage
12 in the office when the administrative employee is not in the office due to
13 illness or vacation, and be able to be on-call during off-hours.

14 As a result of uncertainty concerning labor costs, LBWS agreed to
15 report to the Commission on the status of personnel hiring, no later than
16 120 days after Commission approval of this docket; and Staff will perform
17 semi-annual audits of LBWS' time cards for a period of two years after
18 approval of this docket.

19 • **Salaries and Wages - Officers**

20 According to the application, LBWS officers Patrick and Rebecca Hodge
21 use an average of 10 hours per month each for education, legal, and
22 financial requirements on functions that can only be performed by a
23 legal corporate officer. LBWS requested \$12,000 (\$50 per hour) for

1 Officer Salaries and Wages. LBWS officers currently do not receive
 2 a salary; however, per an Affiliated Interest Agreement with LBWS
 3 approved in Order No. 95-1166, Patrick Hodge Construction is paid
 4 \$25.00 an hour for labor for emergency maintenance repairs. Because
 5 that rate was established 10 years ago, Staff proposes a cost of living
 6 adjustment to \$31.06 per hour. Although the Company proposes to hire
 7 employees, Patrick and Rebecca Hodge still maintain the responsibility
 8 of ensuring that LBWS is a stable company that will continue to provide
 9 water service to its customers. Patrick and Rebecca Hodge maintain
 10 responsibility for service delivery; financial, tax, risk, and facilities
 11 management; human resources management; community and public
 12 relations; and regulatory matters. Because of this responsibility, Patrick
 13 and Rebecca Hodge should receive compensation as officers of LBWS.
 14 Staff concluded that 10 hours per month for officers was a reasonable
 15 estimate of time required to ensure the Company continues to operate
 16 and provide water service to its customer's.

Test Year	LBWS Request	Staff Adjustment	Recommended Expense
\$0	\$12,000	\$7,454	\$7,454

17

- 18 • **Pensions and Benefits**

19 The Company originally requested \$11,809 to provide health insurance
 20 for its employees based on a quote of \$328 per employee obtained from
 21 a local insurance firm. It is difficult to estimate an amount when there are
 22 currently no employees because monthly health insurance costs vary

1 depending on whether an employee is single with no dependants, single
2 with dependent children, married with no children, married with children,
3 and so forth. On October 5, 2005, LBWS provided updated monthly
4 health insurance rates as follows: \$720.85 for Employee and Spouse
5 and \$335.30 for Employee, No Dependants. Based on this information,
6 Staff determined that a reasonable annual amount for this expense for
7 two employees is \$12,674.

Test Year	LBWS Request	Staff Adjustment	Recommended Expense
\$0	\$11,809	\$12,674	\$12,674

8
9 **• Communications**

10 LBWS requested \$2,166 for this expense that includes landline, cell
11 phones, fax machine, and Internet service. Staff's proposal includes
12 expenses, such as installation charges for phone and fax lines, hookup
13 charges for Bend Broadband internet service, and purchase price of a
14 modem resulting from moving the Company's office from the owner's
15 home to a rented office space. Staff amortized the costs for the modem
16 and hookup to Bend Broadband internet service over three years, which
17 is the length of the office space rental contract.

Test Year	LBWS Request	Staff Adjustment	Recommended Expense
\$929	\$2,166	\$1,300	\$2,229

18
19 **• Purchased Power**

20 The Company requested no change in the \$15,871 test year expense.

21 Staff's review of 2004 purchased power invoices resulted in a total billed

1 amount of \$15,199.05. A comparison of the amounts LBWS paid for
2 purchased power for the months of January through August for 2004 and
3 2005 shows a 4.64 percent increase in 2005. Therefore, Staff proposes
4 an increase of 4.64 percent, or \$737, above the test year expense.

Test Year	LBWS Request	Staff Adjustment	Recommended Expense
\$15,871	\$15,871	\$737	\$16,608

5
6 **• Chemicals**

7 The amount proposed by LBWS for Chemicals Expense is actually for
8 Testing and is discussed in Staff-LBWS/1, Sloan/Dougherty/Hodge/13,
9 lines 2-7.

10 **• Office Supplies**

11 LBWS requested \$1,276 for this expense stating the \$736 increase was
12 necessary for extra supplies needed due to added customers, inflation,
13 more turnovers due to more homes being turned into rentals, and to
14 revise its software program to convert from billing with a utility card to a
15 full size statement. Staff's analysis of Company documents results in a
16 test year expense of \$581. After LBWS provided 2005 Office Expenses
17 through September 2005, Staff made an upward adjustment to include a
18 major portion of those expenses.

Test Year	LBWS Request	Staff Adjustment	Recommended Expense
\$540	\$1,276	\$313	\$853

1 • **Postage**

2 Staff's review of test year documents provided for this expense resulted
3 in total of \$1,199.82. Staff adjusted this amount by moving \$126 for box
4 rent to Miscellaneous Expense, making an upward adjustment to cover
5 the extra cost to mail full size billings at \$0.37 each rather than \$0.23
6 each for post card billings, and adding \$179.88 for postage meter rental.

Test Year	LBWS Request	Staff Adjustment	Recommended Expense
\$1,264	\$1,364	\$327	\$1,591

7
8 • **O & M Materials and Supplies**

9 Staff's review of documentation provided for this expense resulted in a
10 total of \$2,318.48. Staff adjusted this amount by removing \$1,052.87
11 that should have been recorded in other accounts.

Test Year	LBWS Request	Staff Adjustment	Recommended Expense
\$2,824	\$2,824	-\$1,558	\$1,266

12
13 • **Repairs**

14 LBWS' provided documentation totaling \$7,818.45 in test year expenses
15 for this account. Upon review of the documents, Staff determined that
16 items totaling \$5,691.85 should have been recorded as plant. After
17 removing the plant amount, the adjusted test year amount is \$894.87.
18 Staff applied a 3 percent cost of living adjustment to that amount and
19 proposes a total of \$922.

Test Year	LBWS Request	Staff Adjustment	Recommended Expense
\$7,695	\$2,716	-\$6,773	\$922

1 • **Accounting**

2 In the test year, the Company paid \$600 to its accountant to prepare
3 2003 corporate taxes. As of September 30, 2005, the Company had
4 incurred \$760 in accounting expense. The estimated amount of \$1,000
5 annually for this expense is reasonable.

Test Year	LBWS Request	Staff Adjustment	Recommended Expense
\$400	\$1,000	\$600	\$1,000

6
7 • **Legal**

8 According to documents provided by LBWS, the Company incurred legal
9 fees and interest totaling \$30,248.38 for representation in a matter before
10 the Commission in 2004 (UW 96/UW 98). LBWS proposed a three-year
11 amortization of this expense; however, Staff's proposal allows recovery of
12 this extraordinary expense over a five-year period, at \$6,049.68 annually.
13 Staff's support of a five-year period, as opposed to three, mitigates the
14 rate impact to customers while allowing timely recovery of costs. Staff's
15 proposal also includes \$1,702.42 for legal expenses related to this rate
16 case (UW 110) and \$560 for 2005 corporate legal matters that include an
17 annual meeting and Annual Corporate Filings. The \$1,702.42 is a three-
18 year average of an estimated total of \$5,107. As of August 31, 2005,
19 LBWS had been billed \$2,553.63 for UW 110. Based on events not billed
20 as of this date, such as the Settlement Conference and the Evidentiary
21 Hearing, Staff estimates a total UW 110 legal expense of \$5,107.26
22 through the completion of this case.

Test Year	LBWS Request	Staff Adjustment	Recommended Expense
\$28,854	\$2,000	-\$20,542	\$8,312

1

- **Testing**

3

As mentioned in Staff-LBWS/1, Sloan/Dougherty/Hodge/10, lines 6-9,

4

LBWS recorded this expense in the Chemicals account. Based on

5

information provided by a professional water testing laboratory, Staff's

6

recommended expense reflects a four-year cost average of estimated

7

testing expense relative to LBWS for the years 2006 through 2009.

Test Year	LBWS Request	Staff Adjustment	Recommended Expense
\$1,211	\$2,000	\$145	\$1,356

8

- **Contract Labor**

10

Test year Contract Labor was paid to Pat Hodge Construction per

11

Affiliated Interest Agreements with LBWS for meter installation and

12

emergency repairs. The Company proposed hiring a Manager/System

13

Operator to perform most of the work done by PHC in the past. Although

14

the proposed wages for the Manager/System Operator will replace some

15

of the Contract Labor expense, Staff supports \$3,000 for this expense in

16

the likely event LBWS needs to hire a licensed electrician or qualified

17

pump/well repair technicians with the proper equipment.

Test Year	LBWS Request	Staff Adjustment	Recommended Expense
\$59,076	\$3,000	-\$56,076	\$3,000

18

1 • **Building Rental**

2 Up until September 2005, LBWS had used space in the Hodge's home
3 for an office without compensation to the Hodges. Because that
4 arrangement was no longer feasible, the Company located reasonably
5 priced office space in Bend. Staff's research of rental office space in the
6 Bend area found average square foot rates are higher than LBWS will
7 pay for its office space. LBWS provided a copy of the rental contract and
8 requested \$3,744 for this expense, which includes \$247.40 per month for
9 rent plus \$65 per month for Common Area Maintenance. The three-year
10 contract shows increases for each year. Staff's recommended expense
11 is an average of the three-year total expense.

Test Year	LBWS Request	Staff Adjustment	Recommended Expense
\$0	\$3,744	\$3,928	\$3,928

12
13 • **Equipment Rental**

14 In the past, LBWS affiliate Pat Hodge Construction provided use of its
15 equipment and operator to LBWS. PHC is no longer able continue doing
16 so. As a result, LBWS must rent equipment and hire an operator each
17 time those services are required. Staff's research of equipment rental
18 businesses in the Bend area found the Company's request of \$1,500 to
19 be reasonable.

Test Year	LBWS Request	Staff Adjustment	Recommended Expense
\$0	\$1,500	\$1,500	\$1,500

1 • **Small Tools**

2 LBWS did not provide documentation supporting its proposed request for
3 \$100 for small tools; however, the Company stated it spent \$455 in 2005
4 for this expense. Staff supports the Company's request for \$100.

Test Year	LBWS Request	Staff Adjustment	Recommended Expense
\$0	\$100	\$100	\$100

5
6 • **Computer/Electronic**

7 The Company's request for \$1,410 included funds for a future purchase
8 of a printer and fax machine, which, when purchased, would be Plant.
9 The Company also included the cost of software that Staff moved to
10 Plant. Items Staff supports in this expense include costs for repair and
11 software upgrades.

Test Year	LBWS Request	Staff Adjustment	Recommended Expense
\$1,210	\$1,410	-\$494	\$716

12
13 • **Transportation**

14 LBWS' request included costs for fuel and maintenance for two vehicles,
15 lease payments for Vehicle 1 (2003 Toyota 4-Runner), and monthly
16 payments to purchase Vehicle 2 (2000 Ford Ranger) from the Hodges.
17 Based on information available at the time of Staff's analysis for this
18 docket, Staff calculated annual fuel expense at \$3,104 using \$2.94 per
19 gallon for 5,200 miles at 17 miles per gallon for Vehicle 1 and 12,000
20 miles at 16 miles per gallon for Vehicle 2. If Staff had used the federal
21 government mileage rate of \$0.485, this expense would have been

1 considerably higher than the calculated fuel expense.² The leased
2 vehicle is used 50 percent of the time for LBWS business; therefore,
3 Staff allocated one-half of the lease cost (\$2,816.34) to LBWS. Staff's
4 analysis of the Company's documentation indicates \$445 is a reasonable
5 amount for maintenance. Staff moved the \$9,000 for the purchase of
6 Vehicle 2 to Plant and depreciated the vehicle over seven years.

Test Year	LBWS Request	Staff Adjustment	Recommended Expense
\$3,099	\$6,942	\$3,266	\$6,365

7

- 8 • **Vehicle Insurance**

9 The Company provided an estimate from its insurance agent.

Test Year	LBWS Request	Staff Adjustment	Recommended Expense
\$0	\$1,033	\$1,033	\$1,033

10

- 11 • **Liability Insurance**

12 The Company provided a copy of the insurance policy.

Test Year	LBWS Request	Staff Adjustment	Recommended Expense
\$1,000	\$846	-\$154	\$846

13

- 14 • **Workers' Compensation**

15 Using percentages provided by SAIF Corporation, Staff's calculation of
16 Workers' Compensation on wages totaling \$72,644 is \$2,258.

Test Year	LBWS Request	Staff Adjustment	Recommended Expense
\$0	\$2,952	\$2,258	\$2,258

17

²Using the federal government mileage rate, transportation would have been \$8,342 (17,200 miles times \$0.485).

1 • **Amortization of Rate Case Expense**

2 The amount LBWS proposed in this account is actually its 2004 legal
3 expense. Staff moved all legal expenses to the appropriate account and
4 Staff's analysis is discussed in Staff-LBWS/1, Sloan/Dougherty/Hodge/12
5 lines 7-22. The Company did not propose any other rate case expense
6 for UW 110.

Test Year	LBWS Request	Staff Adjustment	Recommended Expense
\$0	\$9,608	-\$9,618	\$0

7
8 • **Gross Revenue Fee**

9 Staff increased Gross Revenue Fee Expense to adjust for the additional
10 income in Staff's proposed revenue requirement.

Test Year	LBWS Request	Staff Adjustment	Recommended Expense
\$339	\$389	\$99	\$438

11
12 • **Bad Debt**

13 Staff made no changes to the Company's request. LBWS proposed an
14 amount that it considers sufficient to provide for losses from uncollectible
15 utility revenue.

Test Year	LBWS Request	Staff Adjustment	Recommended Expense
\$566	\$200	-\$366	\$200

16
17 • **Cross Connection**

18 Staff recommends no change to the Company's request. The \$4,097 is to
19 offset above-the-line revenues collected for backflow device testing. LBWS
20 notifies its customers of the annual backflow device testing requirement in a

1 newsletter mailed each September. The cost to mail the newsletter is
2 included in Postage Expense. LBWS has no staff certified to perform the
3 testing, but the Company contracts with a certified tester to perform the
4 annual testing. Customers may use the contracted tester or choose a
5 different certified tester.

Test Year	LBWS Request	Staff Adjustment	Recommended Expense
\$4,097	-\$4,097	-\$4,097	\$0

6

- 7 **• Training / Certification**

8 Staff recommends no change to the Company's request. This expense
9 covers annual renewal of Water Operator Certification and continuing
10 education. The \$160 requested by LBWS for this expense is reasonable.

Test Year	LBWS Request	Staff Adjustment	Recommended Expense
\$80	\$160	\$80	\$160

11

- 12 **• Consumer Confidence Report**

13 Under OAR 333-061-0043 all community water systems must deliver an
14 annual Consumer Confidence Report to customers. The report must
15 contain information on the quality of the water delivered by the system
16 and characterize the risks (if any) from exposure to contaminants detected
17 in the drinking water in an accurate and understandable manner.

18 In 2004 LBWS spent \$526 to make color copies of the Consumer
19 Confidence Report on a heavier paper. The Company also paid to have
20 the reports folded, labeled, stamped, and mailed. In 2005 the total cost
21 was \$174 for black and white copies on standard paper and postage.

1 LBWS mailed 250 copies at a cost of \$0.70 per copy. The Company
2 estimates 255 customers by 2006. Staff proposes \$183 for this expense
3 to include the cost for additional copies and a cost of living adjustment.

Test Year	LBWS Request	Staff Adjustment	Recommended Expense
\$526	\$326	-\$343	\$183

4
5 **• Miscellaneous Expense**

6 The \$76,248 test year amount included \$75,900 to offset the \$75,900 in
7 revenues from the Company's Water System Infrastructure Fee Tariff.
8 Staff's recommended amount reflects moving \$126 in box rent from
9 Postage Expense and \$50 from Account 408.13 Licenses/Fees. LBWS
10 requested \$100 for Licenses/Fees for payment to the State of Oregon
11 Corporation Division, but the amount is actually \$50 per year.

Test Year	LBWS Request	Staff Adjustment	Recommended Expense
\$76,248	\$348	-\$75,724	\$524

12
13 **Q. WHAT ADJUSTMENTS DID STAFF MAKE TO THE COMPANY'S OTHER**
14 **REVENUE DEDUCTIONS?**

15 **• Depreciation Expense**

16 The proposed \$5,995 increase over test year Depreciation Expense
17 reflects actual Depreciation Expense on \$110,035 in Plant using National
18 Association of Regulatory Utility Commissioners (NARUC) guidelines.

Test Year	LBWS Request	Staff Adjustment	Recommended Expense
\$612	\$6,232	\$5,995	\$6,607

1 • **Property Tax**

2 The Company's proposed amount for Property Tax includes a balance
3 owing for 2003 and 2004. LBWS was allowed an amount for property
4 taxes in UW 48 and had the opportunity to file a rate case at any time
5 to recover increased taxes. Therefore, the proposed amount reflects only
6 2005 Property Taxes due.

Test Year	LBWS Request	Staff Adjustment	Recommended Expense
\$6,629	\$6,960	-\$3,726	\$2,903

7
8 • **Payroll Tax**

9 The recommended amount of \$7,365 reflects Payroll Taxes on total
10 wages of \$80,098 (\$7,454 Officer Salary and \$72,644 Employee Wages).

Test Year	LBWS Request	Staff Adjustment	Recommended Expense
\$0	\$8,132	\$7,365	\$7,365

11
12 • **Licenses/Fees**

13 LBWS requested \$100 for Licenses/Fees for payment to the State of
14 Oregon Corporation Division, but the amount is actually \$50 per year.
15 The amount is included in Miscellaneous Expenses as discussed in Staff-
16 LBWS/1, Sloan/Dougherty/Hodge/19, lines 9-11.

Test Year	LBWS Request	Staff Adjustment	Recommended Expense
\$100	\$100	\$0	\$0

17
18 **Q. WERE THERE ANY ADJUSTMENTS TO PLANT IN SERVICE?**

19 A. Yes. The Company's original utility plant, with the exception of meters, was
20 financed by System Development Charges (SDCs) paid by the customers. In

1 UW 96, the Commission approved a System Development Fee Tariff whereby
2 customers will continue to pay for the system until it is completely built out. In
3 the past, these payments would have been booked as Contributions in Aid of
4 Construction (CIAC) and LBWS have been entitled to depreciation expense on
5 CIAC. Current Commission policy no longer allows CIAC in water utility
6 ratemaking. Therefore, in keeping with this policy, Staff did not include CIAC
7 and depreciation associated with plant prior to 2004. Using Staff's method,
8 the Company's 2005 original plant is \$110,035. Accumulated depreciation is
9 \$44,115, and Net Plant is \$65,920. The Company's Plant and Depreciation
10 Schedule is found in Staff-LBWS/2, Sloan/Dougherty/Hodge/4. Staff's addition
11 of \$5,465 in inventory and \$12,347 in working cash to LBWS' net plant resulted
12 in a proposed total rate base of \$83,732.

13 **Q. WHAT ADJUSTMENTS WERE MADE TO DEPRECIATION RESERVE?**

14 A. Staff's calculation of Depreciation Reserve using Average Service Lives is
15 consistent with the method that was originally developed by NARUC and
16 resulted in an Accumulated Depreciation amount of \$44,115 rather than the
17 \$13,429 requested by LBWS.

18
19 **SUMMARY OF THE STIPULATION AGREED TO BY THE PARTIES**

20 **Q. PLEASE DESCRIBE THE REVENUE REQUIREMENT STIPULATED TO BY**
21 **THE STAFF AND THE COMPANY.**

22 A. Staff and LBWS stipulated to Staff's analysis of LBWS' filing supporting a total
23 revenue requirement of \$175,327 and a 9.76 percent overall rate of return on a

1 total rate base of \$83,732. See Staff-LBWS/2, Sloan/Dougherty/Hodge/1,
2 Revenue Requirement.

3 **Q. HOW WAS THE STIPULATED RATE OF RETURN DETERMINED?**

4 A. To determine rate of return, Staff calculated the Company's cost of debt and
5 equity. Staff assumed a debt/equity capital structure of 8.06 / 91.94 percent,
6 respectively. Staff proposes a 7 percent cost to the debt and 10 percent cost
7 to equity. This produced a 9.76 percent rate of return. See Staff-LBWS/2,
8 Sloan/Dougherty/Hodge/2.

9 **Q. WHAT CHANGES WERE MADE TO THE CURRENT RATE DESIGN?**

10 A. The current rate design uses a base rate and a one-tier variable rate. The
11 proposed rate design consists of a base rate and a two-tier variable rate.
12 Neither the current or proposed rate design includes a water consumption
13 allowance in the base rate.

14 **Q. HOW WAS THE RATE SPREAD DETERMINED?**

15 A. First Staff divided the \$175,327 recommended revenue requirement, into a
16 60 percent and 40 percent split between the base rate and the variable rate,
17 respectively. This calculates to \$105,196 assigned to the base rate and
18 \$70,131 assigned to the variable rate. Then, Staff assigned 401 cubic feet
19 (3,000 gallons) to tier 1 to capture the consumption the Company proposed
20 to include with the base rate. Using total test year consumption, Staff
21 determined that 77.1 percent of usage was above 401 cubic feet and
22 assigned that percent to revenue to be collected from tier two. The
23 remaining 22.9 percent was assigned to tier 1. The variable revenue to

1 be collected from the two tiers is as follows: \$16,076 from tier one and
2 \$54,055 from tier two.

3 **Q. WHAT IS THE PROPOSED AVERAGE MONTHLY COST PER**
4 **CUSTOMER FOR WATER SERVICE?**

5 A. As previously mentioned, under Staff's proposed rate design, the average
6 monthly bill for a customer using the projected average monthly consumption
7 of 1,379 cubic feet is as follows:

Base Rate	Tier 1 Variable (Up to 401 cf)	Tier 2 Variable (Above 401 cf)	Ave. Monthly Bill (1,379 cf)
\$34.43	\$1.31 per 100 cf	\$1.80 per 100 cf	\$57.23

8

9

10 **Q. PLEASE COMPARE CURRENT RATES TO THE RATES STIPULATED TO**
11 **BY THE PARTIES.**

12 A. According to the Application, the current average monthly bill is \$42.70. Using
13 the Company's projected average consumption, the average monthly bill under
14 Staff's proposed rate design is \$57.23. The table in Staff-LBWS/2, Sloan/
15 Dougherty/Hodge/6 shows current and proposed rates and the percentage
16 increase or decrease in monthly bills for various usages.

17 **Q. ARE THE NEW RATES JUST AND REASONABLE?**

18 A. Yes. Based on Staff's investigation and the documented costs provided
19 by LBWS, Staff and the Company believe the proposed new revenue
20 requirement generates rates that are just and reasonable. The proposed
21 rates will provide adequate revenue to cover the Company's reasonable
22 expenses and allow the Company an opportunity to earn a reasonable
return on its investment.

1 **Q. DID STAFF AND THE COMPANY STIPULATE TO ANY MISCELLANEOUS**
2 **FEES?**

3 A. Yes. Staff and LBWS stipulated to the miscellaneous service charges set forth
4 in Schedule No. 2 in Attachment B to the Stipulation.

5 **Q. PLEASE DISCUSS THE COMPANY'S REQUEST FOR RULES WAIVERS.**

6 A. In its Application, the Company requested a waiver of the following Oregon
7 Administrative Rules (OAR): OAR 860-036-0040, OAR 860-036-0045, OAR
8 860-036-0120, and OAR 860-036-0125.

9 **OAR 860-036-0040 Establishing Credit for Residential Service**

10 This rule states an applicant or customer may demonstrate satisfactory credit
11 for new or continuing service by showing any of the following: 1) Received
12 12 months of continuous water utility service during the preceding 24 months
13 and the water utility can verify, either by contacting the former water utility or
14 through an authorized letter provided by the applicant or customer, that the
15 applicant or customer voluntarily terminated service and timely paid for all
16 services rendered; 2) meets the water utility's minimum credit requirements
17 based on a third party credit report score or based on the water utility's own
18 credit scoring formula approved by the Commission; or 3) proof of ability to
19 pay by providing either proof of employment during the entire 12 months
20 previous to the application of service for person(s) responsible for payment
21 on the account and a work telephone number to enable the water utility to verify
22 employment or a statement or other documentation from the income provider or

1 an authorized representative, that the water utility can verify, indicating that the
2 applicant or customer receives a regular source of income.

3 LBWS states that a job does not ensure the utility of prompt paying habits
4 nor does it support the idea that it guarantees prompt and/or final payments.
5 The Company asks to be able to establish credit requirements that will protect
6 the utility and the consumer. The Company specifically requested a waiver of
7 OAR 860-036-0040 to allow the utility to ensure credit worthiness or require a
8 deposit.

9 Staff believes OAR 860-036-0040 is consistent with the Commission's rules
10 for establishing credit with energy and telecommunications utilities. In UW 110,
11 LBWS shows test year annual revenues of \$124,483 and bad debt expense of
12 \$566, or .45 percent. In its application, the Company requests annual revenues
13 of \$221,837 and bad debt expense of \$200, or .09 percent. Staff proposes
14 annual revenues of \$175,327 and bad debt expense of \$200, or .11 percent.
15 Since any unpaid bill not covered by a deposit should be recoverable through
16 rates, Staff did not support a waiver of this rule. The Company accepts Staff's
17 recommendation on this rule.

18 **OAR 860-036-0045 Deposit Payment Arrangements for Residential Water**
19 **Service**

20 Under this rule, a water utility may disconnect a customer for failure to establish
21 credit by failing to make a deposit or payments in accordance with the terms of
22 a deposit payment arrangement in OAR 860-036-0405. Because the rule
23 requires immediate payment of the first installment (average of one month's

1 bill), the loss to the Company should not be significant provided service is
2 disconnected without delay after providing five days notice to the customer.
3 Additionally, the Company's application demonstrates a relatively small amount
4 for bad debt expense. Therefore, Staff did not support a waiver of this rule.
5 The Company accepts Staff's recommendation on this rule.

6 **OAR 860-036-0130 Late-Payment Charge**

7 The Company is asking for a waiver because the current rule states that
8 a utility cannot assess a late charge until 30 days after billing or when a
9 subsequent month billing is being done. However, OAR 860-036-0125 states
10 that the bill may become delinquent in 15 days from the date it was rendered
11 in the mail. The Company's interpretation of this rule suggests that the utility
12 is allowed to disconnect water after appropriate notice when the customer falls
13 delinquent (in LBWS Rule 22 this is on the 15th of each month).

14 LBWS states it does not seem reasonable to be required to send a Notice
15 of Pending Disconnection prior to assessing a late charge. The Company
16 believes the delinquent date of the 15th and the date the utility is allowed
17 to assess a late charge should be the same. The Company is requesting a
18 waiver to the existing rule that will allow LBWS to assess the late charge on
19 the 16th of each month, the day after the "delinquency date" in its rules and
20 regulations.

21 In UW 104 (Order No. 05-097) the Commission approved the Company's
22 request for waiver of OAR 860-036-0130 that allows LBWS to charge a late
23 fee of 1.7 percent or \$3.00, whichever is greater. The late fee is to be applied

1 to amounts more than 30 days past due. In this current request for waiver, the
2 Company asks to be allowed to charge the late fee on the 16th day after the bill
3 is mailed rather than after 30 days.

4 Currently under OAR 860-036-0245, LBWS can send a five-day disconnect
5 notice on the 16th day after mailing the bills. Staff supports a waiver of OAR
6 860-036-0130 allowing LBWS to charge a late fee on the 16th of each month
7 under the following conditions with which Long Butte Water System, Inc.
8 agrees:

- 9 1. Long Butte Water System, Inc. must file a revised tariff and rule change
10 to conform to the waiver.
- 11 2. Long Butte Water System, Inc. must provide a 15-day disconnect notice
12 instead of a 5-day disconnect notice.

13 **Q. DID STAFF AND THE COMPANY AGREE TO ANYTHING ELSE IN THE**
14 **STIPULATION?**

15 A. Yes. Staff and LBWS agreed that the Company will file a Cross Connection
16 Control Program Tariff within 120 days after Commission approval of this
17 docket.

18 **Q. DOES LBWS HAVE ANY AFFILIATED INTEREST AGREEMENTS?**

19 A. Yes. The Commission approved two affiliated interest agreements between
20 LBWS and Pat Hodge Construction Order No. 95-1166. The first is a contract
21 for PHC to install meters for LBWS at a cost of \$300 each. The second is a
22 contract with PHC for emergency maintenance repairs to the water system at
23 \$25 per hour for labor, plus actual cost of materials. In Order 04-539, the

1 Commission approved an affiliated interest agreement between LBWS and
2 Pat Hodge Construction under which PHC will build the remainder of the water
3 system at a charge of \$6,900 per new customer and donate the plant to LBWS.
4 LBWS has stated that the agreement related to emergency maintenance repair
5 will no longer be required after the Company hires a full-time Manager/System
6 Operator.

7 **Q. DOES THIS CONCLUDE YOUR DIRECT TESTIMONY?**

8 A. Yes.

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CASE: UW 110
STAFF WITNESS: Renee Sloan
STAFF WITNESS: Michael Dougherty
COMPANY WITNESS: Patrick Hodge

**PUBLIC UTILITY COMMISSION
OF
OREGON**

EXHIBIT 2

**Exhibits in Support of
Direct Testimony**

November 17, 2005

LONG BUTTE WATER SYSTEM UW 110 Test Year: 2004			Company Case 78.2%			Staff 40.8%					
			A	B	C	D	E	F	G	H	I
Acct. No.		Balance Per Application Test Year: 2004	Proposed Company Adjustments	Adjusted Results (A+B=C)	Company Proposed Rev Changes	Proposed Results (C+D=E)	Proposed Staff Adjustments	Adjusted Results	Staff Proposed Rev Changes	Proposed Results	
REVENUES											
1	461.1	Residential Water Sales	124,483		124,483	97,354	221,837	0	124,483	50,844	175,327
2	461.2	Commercial Water Sales	0		0	0	0	0	0	0	0
3		Tariff Schedule 4A (Infrastructure)	75,900	(75,900)	0	0	(75,900)	0	0	0	0
4		Backflow Testing	5,725	(5,725)	0	0	(5,725)	0	0	0	0
5	471	Misc. Revenues	9,019	(9,019)	0	0	(9,019)	0	0	0	0
6		TOTAL REVENUE	215,127	(90,644)	124,483	97,354	221,837	(90,644)	124,483	50,844	175,327
OPERATING EXPENSES											
9	601	Salaries and Wages - Employees	0	103,860	103,860	0	103,860	72,644	72,644	0	72,644
10	603	Salaries and Wages - Officers	0	12,000	12,000	0	12,000	7,454	7,454	0	7,454
11	604	Employee Pension & Benefits	0	11,809	11,809	0	11,809	12,674	12,674	0	12,674
12	610	Purchased Water	0	0	0	0	0	0	0	0	0
13	611	Telephone/Communications	929	1,237	2,166	0	2,166	1,300	2,229	0	2,229
14	615	Purchased Power	15,871	0	15,871	0	15,871	737	16,608	0	16,608
15	618	Chemical / Treatment Expense	1,211	789	2,000	0	2,000	(1,211)	0	0	0
16	619	Office Supplies	540	736	1,276	0	1,276	313	853	0	853
17	619.1	Postage	1,264	100	1,364	0	1,364	327	1,591	0	1,591
18	620	O&M Materials/Supplies	2,824	0	2,824	0	2,824	(1,558)	1,266	0	1,266
19	621	Repairs to Water Plant	7,695	(4,979)	2,716	0	2,716	(6,773)	922	0	922
20	631	Contract Svcs - Engineering	0	0	0	0	0	0	0	0	0
21	632	Contract Svcs - Accounting	600	400	1,000	0	1,000	400	1,000	0	1,000
22	633	Contract Svcs - Legal	28,854	(26,854)	2,000	0	2,000	(20,542)	8,312	0	8,312
23	634	Contract Svcs - Management Fees	0	0	0	0	0	0	0	0	0
24	635	Contract Svcs - Testing	0	0	0	0	0	1,356	1,356	0	1,356
25	636	Contract Svcs - Labor	65,298	(62,298)	3,000	0	3,000	(62,298)	3,000	0	3,000
26	637	Contract Svcs - Billing/Collection	0	0	0	0	0	0	0	0	0
27	638	Contract Svcs - Meter Reading	0	0	0	0	0	0	0	0	0
28	639	Contract Svcs - Other	0	0	0	0	0	0	0	0	0
29	641	Rental of Building/Real Property	0	3,744	3,744	0	3,744	3,928	3,928	0	3,928
30	642	Rental of Equipment	0	1,500	1,500	0	1,500	1,500	1,500	0	1,500
31	643	Small Tools	0	100	100	0	100	100	100	0	100
32	648	Computer/Electronic	1,210	200	1,410	0	1,410	(494)	716	0	716
33	650	Transportation	3,099	3,843	6,942	0	6,942	3,266	6,365	0	6,365
34	656	Vehicle Insurance	0	1,033	1,033	0	1,033	1,033	1,033	0	1,033
35	657	General Liability Insurance	1,000	(154)	846	0	846	(154)	846	0	846
36	658	Workers' Comp Insurance	0	2,952	2,952	0	2,952	2,258	2,258	0	2,258
37	659	Insurance - Other	0	0	0	0	0	0	0	0	0
38	660	Public Relations/Advertising	0	0	0	0	0	0	0	0	0
39	666	Amortz. of Rate Case	0	9,618	9,618	0	9,618	0	0	0	0
40	667	Gross Revenue Fee (PUC)	339	50	389	0	389	(28)	311	127	438
41	668	Water Resource Conservation	0	0	0	0	0	0	0	0	0
42	670	Bad Debt Expense	566	(366)	200	0	200	(366)	200	0	200
43	671	Cross Connection Control Program	4,097	(4,097)	0	0	0	(4,097)	0	0	0
44	672	System Capacity Dev Program	0	0	0	0	0	0	0	0	0
45	673	Training and Certification	80	80	160	0	160	80	160	0	160
46	674	Consumer Confidence Report	526	(200)	326	0	326	(343)	183	0	183
47	675	General Expense	76,248	(75,900)	348	0	348	(75,724)	524	0	524
48		TOTAL OPERATING EXPENSE	212,251	(20,797)	191,454	0	191,454	(64,218)	148,033	127	148,160
49											
50	403	Depreciation Expense	612	5,620	6,232	0	6,232	5,995	6,607	0	6,607
51	407	Amortization Expense	0	0	0	0	0	0	0	0	0
52	408.11	Property Taxes	6,629	331	6,960	0	6,960	(3,726)	2,903	0	2,903
53	408.12	Payroll Taxes	0	8,132	8,132	0	8,132	7,365	7,365	0	7,365
54	408.13	Licenses/Fees	100	0	100	0	100	0	0	0	0
55	409.11	Oregon Income Tax	10	0	10	0	10	(2,380)	(2,370)	3,347	679
56	409.10	Federal Income Tax	0	0	0	0	0	(5,052)	(5,052)	7,105	1,442
57		TOTAL REVENUE DEDUCTIONS	219,602	(6,714)	212,888	0	212,888	(62,016)	157,586	10,580	167,156
58		NET OPERATING INCOME	(4,475)	(83,930)	(88,405)	97,354	8,949	(28,628)	(33,103)	40,264	8,171
59											
60	101	Utility Plant in Service	1,766,339	106,020	1,872,359	0	1,872,359	(1,656,304)	110,035	0	110,035
61		Less:							167,039		
62	108.1	Depreciation Reserve	13,429	0	13,429	0	13,429	30,686	44,115	0	44,115
63	271	Contributions in Aid of Const	1,664,585	75,900	1,740,485	0	1,740,485	(1,664,585)	0	0	0
64	272	Amortization of CIAC	0	0	0	0	0	0	0	0	0
65	281	Accumulated Deferred Income Tax	0	0	0	0	0	0	0	0	0
66		Net Utility Plant	88,325	30,120	118,445	0	118,445	(22,405)	65,920	0	65,920
67		Plus: (working capital)									
68	151	Materials and Supplies Inventory	5,465	0	5,465	0	5,465	0	5,465	0	5,465
69		Working Cash (Total Op Exp /12)	0	14,000	14,000	0	14,000	(5,352)	12,336	11	12,347
70		TOTAL RATE BASE	93,790	44,120	137,910	0	137,910	(27,756)	66,034	11	83,732
71		Rate of Return	-4.77%		-64.10%		6.49%				9.76%

LONG BUTTE WATER SYSTEM
Test Year: 2004

REVENUE SENSITIVE COSTS	
Revenues	1.0000
O&M - Uncollectibles	0.0000
Franchise Fees	0.0000
OPUC Fee	0.0025
Short-term Interest	0.0000
State Taxable Income	0.9975
State Income Tax @	6.60% 0.0658
Federal Taxable Income	0.9317
Federal Income Tax @	15.00% 0.1397
Total Income Taxes	0.2056
Total Revenue Sensitive Costs	0.2081
Utility Operating Income	0.7919
Net-to-Gross Factor	1.2628

COST OF CAPITAL				
		Capital		Weighted
DEBT		<u>Structure</u>	<u>Cost</u>	<u>Cost</u>
Patrick Hodge	\$5,312	8.06%	7.00%	0.56%
Bank	\$0	0.00%	0.00%	0.00%
Other	<u>\$0</u>	0.00%	0.00%	<u>0.00%</u>
	\$5,312			0.56%
EQUITY	\$60,608	91.94%	10.00%	9.19%
	<u>\$65,920</u>	100.00%		<u>9.76%</u>

LONG BUTTE WATER SYSTEM
Test Year: 2004
SUMMARY OF ADJUSTMENTS

			Staff Adjustments to Rev Req Column D	Results
REVENUES				
1	461.1	Residential Water Sales	0	175,327
2	461.2	Commercial Water Sales	0	0
3	465	Tariff Schedule 4A (Infrastructure)	(75,900)	0
4	0	Backflow Testing	(5,725)	0
5	471	Misc. Revenues	(9,019)	0
6		TOTAL REVENUE	(90,644)	175,327
7				
OPERATING EXPENSES				
9	601	Salaries and Wages - Employees	72,644	72,644
10	603	Salaries and Wages - Officers	7,454	7,454
11	604	Employee Pension & Benefits	12,674	12,674
12	610	Purchased Water	0	0
13	611	Telephone/Communications	1,300	2,229
14	615	Purchased Power	737	16,608
15	618	Chemical / Treatment Expense	(1,211)	0
16	619	Office Supplies	313	853
17	619.1	Postage	327	1,591
18	620	O&M Materials/Supplies	(1,558)	1,266
19	621	Repairs to Water Plant	(6,773)	922
20	631	Contract Svcs - Engineering	0	0
21	632	Contract Svcs - Accounting	400	1,000
22	633	Contract Svcs - Legal	(20,542)	8,312
23	634	Contract Svcs - Management Fees	0	0
24	635	Contract Svcs - Testing	1,356	1,356
25	636	Contract Svcs - Labor	(62,298)	3,000
26	637	Contract Svcs - Billing/Collection	0	0
27	638	Contract Svcs - Meter Reading	0	0
28	639	Contract Svcs - Other	0	0
29	641	Rental of Building/Real Property	3,928	3,928
30	642	Rental of Equipment	1,500	1,500
31	643	Small Tools	100	100
32	648	Computer/Electronic	(494)	716
33	650	Transportation	3,266	6,365
34	656	Vehicle Insurance	1,033	1,033
35	657	General Liability Insurance	(154)	846
36	658	Workers' Comp Insurance	2,258	2,258
37	659	Insurance - Other	0	0
38	660	Public Relations/Advertising	0	0
39	666	Amortz. of Rate Case	0	0
40	667	Gross Revenue Fee (PUC)	(28)	438
41	668	Water Resource Conservation	0	0
42	670	Bad Debt Expense	(366)	200
43	671	Cross Connection Control Program	(4,097)	0
44	672	System Capacity Dev Program	0	0
45	673	Training and Certification	80	160
46	674	Consumer Confidence Report	(343)	183
47	675	General Expense	(75,724)	524
48	0	TOTAL OPERATING EXPENSE	(64,218)	148,160
49				0
50	403	Depreciation Expense	5,995	6,607
51	407	Amortization Expense	0	0
52	408.11	Property Taxes	(3,726)	2,903
53	408.12	Payroll Taxes	7,365	7,365
	408.13	Licenses/Fees	0	0
55	409.11	Oregon Income Tax	(2,380)	679
56	409.1	Federal Income Tax	(5,052)	1,442
57		TOTAL REVENUE DEDUCTIONS	(62,016)	167,156
58		NET OPERATING INCOME	(28,628)	8,171
59				0
60	101	Utility Plant in Service	(1,656,304)	110,035
61		Less:		
62	108.1	Depreciation Reserve	30,686	44,115
63	271	Contributions in Aid of Const	(1,664,585)	0
64	272	Amortization of CIAC	0	0
65	281	Accum. Deferred Income Taxws	0	0
66		Net Utility Plant	(22,405)	65,920
67		Plus: (working capital)		0
68	151	Materials and Supplies Inventory	0	5,465
69		Working Cash (Total Op Exp /12)	(5,352)	12,347
70		TOTAL RATE BASE	(27,756)	83,732
71		Rate of Return		

LONG BUTTE WATER SYSTEM
UW 110
PLANT & DEPRECIATION

ACCOUNT & ITEM	Date Acquired	Utility Plant Orig Cost	NARUC Asset Life	Annual Deprec	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	Accum Depr thru 2006	Remaining Plant 2007	Depr Exp 2006						
310 Power Generation Equipment																												
Electrical Panel for Power Supply (inc Avion Labor)	2004	6,192	30	206															103	206	206	516	5,676	206				
311 Pumping Equipment																												
Pump (5HP PACO)	6/22/2004	1,215	20	61															30	61	61	152	1,063	61				
334 Meters and Meter Installation																												
Meters (5)	1992	1,705	20	85	43	85	85	85	85	85	85	85	85	85	85	85	85	85	85	85	85	85	85	85	1,236	469	85	
Meters (21)	1993	7,161	20	358		179	358	358	358	358	358	358	358	358	358	358	358	358	358	358	358	358	358	358	358	4,834	2,327	358
Meters (23)	1994	7,843	20	392			196	392	392	392	392	392	392	392	392	392	392	392	392	392	392	392	392	392	392	4,902	2,941	392
Meters (28)	1995	9,548	20	477				239	477	477	477	477	477	477	477	477	477	477	477	477	477	477	477	477	477	5,490	4,058	477
Meters (23)	1996	7,843	20	392					196	392	392	392	392	392	392	392	392	392	392	392	392	392	392	392	392	4,118	3,725	392
Meters (15)	1997	5,115	20	256						128	256	256	256	256	256	256	256	256	256	256	256	256	256	256	256	2,430	2,685	256
Meters (16)	1998	5,456	20	273							136	273	273	273	273	273	273	273	273	273	273	273	273	273	273	2,319	3,137	273
Meters (32)	1999	10,912	20	546								273	546	546	546	546	546	546	546	546	546	546	546	546	546	4,092	6,820	546
Meters (28)	2000	9,548	20	477									239	477	477	477	477	477	477	477	477	477	477	477	477	3,103	6,445	477
Meters (23)	2001	7,843	20	392										196	392	392	392	392	392	392	392	392	392	392	392	2,157	5,686	392
Meters (18)	2002	6,138	20	307											153	307	307	307	307	307	307	307	307	307	307	1,381	4,757	307
Meters (9)	2003	3,069	20	153												77	153	153	153	153	153	153	153	153	153	537	2,532	153
Meters (15)	2004	5,115	20	256													128	256	256	256	256	256	256	256	256	639	4,476	256
<i>Total Meters (256 @ \$341 equals \$87,296)</i>																												
341 Transportation Equipment																												
2000 Ford Ranger Super Cab 2D	3/1/2006	9,000	7	1,286																1,286	1,286	1,286	7,714	1,286				
347 Computer/Electronics																												
Gateway G6-350 Computer / Monitor / Printer	11/6/1999	3,017	7	431									431	431	431	431	431	431	431	431	431	431	431	431	2,802	216	216	
RVS Utility Billing Software & Demo Manual	8/10/2000	923	7	132									66	132	132	132	132	132	132	132	132	132	132	132	857	66	132	
Monitor	4/16/2001	170	7	24										24	24	24	24	24	24	24	24	24	24	24	134	36	24	
Software (Microsoft Office)	2/5/2002	235	7	34										34	34	34	34	34	34	34	34	34	34	34	199	36	34	
Printer	9/13/2002	313	7	45										45	45	45	45	45	45	45	45	45	45	45	224	89	45	
Computer	1/24/2003	609	7	87											87	87	87	87	87	87	87	87	87	87	348	261	87	
Software (Convert from DOS to Windows)	9/4/2003	536	7	77											26	77	77	77	77	77	77	77	77	77	255	281	77	
RVS Utility Billing Software Updates	1/31/2004	250	7	36												36	36	36	36	36	36	36	36	36	107	143	36	
Quickbooks Pro	1/22/2005	280	7	40													40	40	40	40	40	40	40	40	80	200	40	
<i>Total Computer/Electronic equals \$6,333</i>																												
TOTALS		110,035		6,822	43	264	639	1,074	1,509	1,833	2,097	2,506	3,515	4,058	4,468	4,810	5,235	5,497	6,567						44,115	65,840	6,607	

Original Plant In Service Cost	110,035
Less Accum Depreciation	44,115
NET PLANT	65,920

Accum Depr thru 2006 Remaining Plant 2007 Deprac Expense

LONG BUTTE WATER SYSTEM
Test Year: 2004
RESIDENTIAL RATE DESIGN (TWO TIER)

Proposed Revenues of: \$175,327

Base/Commodity Split			
Variable Rate	Proposed Rev	=	
40.00%	\$175,327	=	\$70,131
Base Rate			
60.00%	Proposed Rev	=	
	\$175,327	=	\$105,196
			\$175,327

BASE RATE					Revenue at Current Rates
Size of Line	Number of Customers	Current Monthly Base Rate	Proposed Mo Base Rate	Total Annual Revenues	
Residential					
5/8"	255	\$23.00	\$34.38	\$105,196	\$70,380
3/4"	0	\$0.00	\$0.00	\$0	\$0
1"		\$0.00	\$0.00	\$0	\$0
1.5"		\$0.00	\$0.00	\$0	\$0
2"		\$0.00	\$0.00	\$0	\$0
3"		\$0.00	\$0.00	\$0	\$0
	255				
Commercial					
5/8" or 3/4"		\$0.00	\$0.00	\$0	\$0
1"		\$0.00	\$0.00	\$0	\$0
1.5"		\$0.00	\$0.00	\$0	\$0
2"		\$0.00	\$0.00	\$0	\$0
3"		\$0.00	\$0.00	\$0	\$0
4"		\$0.00	\$0.00	\$0	\$0
6"		\$0.00	\$0.00	\$0	\$0
	0				
TOTALS	255			\$105,196	\$70,380

Revenue at Current Rates

49.5% PERCENT

49.5%
% increase

COMMODITY RATE Revenue to be Collected \$70,131

TIER ONE			
% of Assigned Revenue	Rate	PER 100 CUBIC FEET	
22.9%	\$1.31	Consumption Up to 401 cf	
\$16,076	divided by	12,271	= \$1.31

TIER TWO			
% of Assigned Revenue	Rate	PER 100 CUBIC FEET	
77.1%	\$1.80	Consumption Above 401 cf	
\$54,055	divided by	30,032	= \$1.80

\$70,131 42,303 401 cf
x 7.48 gal per cf
= 3000 gal

4,230,282 Proposed Consumption per Application
0 - base consumpt ("free" water x cust x 12 months)
4,230,282 divided by unit of measure 100 cf
42,303

Current Company Rates			
Includes 0 cf		\$23.00 Base	\$23.00
1.90 per 1,000 gal	per 100 cf	\$1.42 Variable	\$19.58
			Ave mo bill \$42.58

1379 cf = Ave Usage

Proposed Company Rates			
Includes 401 cf (3,000 gal)		\$50.00 Base	\$50.00
\$3.07 per 1,000 gal	per 100 cf	\$2.30 Variable	\$22.49
			Ave mo bill \$72.49

Proposed Staff Rates			
Includes 0 cf		\$34.38 Base	\$34.38
\$1.75 per 1,000 gal	per 100 cf up to 401 cf	\$1.31 Variable	\$5.25
\$2.41 per 1,000 gal	per 100 cf above 401 cf	\$1.80 Variable	\$17.60
			Ave mo bill \$57.23

3000 gal in Tier 1 \$57.23
34.41% \$14.65

Residential	Meter Size	Present rates	Factors Used	Rate Required	AWWA Factors
255	5/8"	\$23.00	1	\$34.38	1
0	3/4"	\$0.00		\$0.00	1
0	1"	\$0.00		\$0.00	2.5
0	1.5"	\$0.00		\$0.00	5
0	2"	\$0.00		\$0.00	8
0	3"	\$0.00		\$0.00	15
Commercial					
0	3/4" or 5/8"	\$0.00		\$0.00	1
0	1"	\$0.00		\$0.00	2.5
0	1.5"	\$0.00		\$0.00	5
0	2"	\$0.00		\$0.00	8
0	3"	\$0.00		\$0.00	15
0	4"	\$0.00		\$0.00	25
0	6"	\$0.00		\$0.00	50

Consumption	
22.9%	9,697 100 cf
77.1%	32,606 100 cf
Total	42,303 100 cf

22.9% \$16,076
77.1% \$54,055
\$70,131

Ave Usage
1379 cf
10316 gal

Meter Size	Average rates	Proposed rates	Percent Increase
Residential			
5/8" x 3/4"	\$42.63	\$57.22	34.23%
1"			
1 1/2"			
2"			

Consumption - Residential	
5/8" x 3/4"	4,230,282
1"	
1 1/2"	
2"	
3"	

**PUBLIC UTILITY COMMISSION
OF OREGON**

UW 110

STIPULATION

**Entered into by
Public Utility Commission Staff
And Long Butte Water System, Inc.**

**LONG BUTTE WATER SYSTEM, INC.
General Rate Case**

November 17, 2005

CASE: UW 110
STAFF WITNESS: Renee Sloan
STAFF WITNESS: Michael Dougherty
COMPANY WITNESS: Patrick Hodge

**PUBLIC UTILITY COMMISSION
OF
OREGON**

STAFF EXHIBIT 1

**Direct Testimony
In Support of the
Stipulation**

November 17, 2005

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3.

Staff and the Company support the rate schedule set forth in tariff sheet PUC Oregon No. 2, Original Sheet No. 3, Schedule No. 1, Residential Metered Rates.

4.

Staff and the Company support the rate schedule set forth in tariff sheet PUC Oregon No. 2, Original Sheet No. 4, Schedule No. 2, Miscellaneous Service Charges.

5.

Staff and the Company support a waiver of OAR 860-036-0130 Late-Payment Charge, with the following conditions: Long Butte Water System, Inc. must file a revised tariff and rule change to conform to the waiver. Long Butte Water System, Inc. must provide a 15-day disconnect notice instead of a 5-day disconnect notice.

6.

The Company agrees to file, no later than 120 days after Commission approval of this docket, a report to the Commission on the status of personnel hiring for the Manger/System Operator, Office employee, and part-time employee. Additionally, the Company agrees to cooperate fully with Staff audits of the Company's time cards to be conducted semi-annually for a period of two years after approval of this docket.

7.

The Company agrees to file a Cross Connection Control Program Tariff within 120 days after Commission approval of this docket.

8.

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

9.

The parties recommend that the Commission adopt this stipulation in its entirety. The parties have negotiated this stipulation as an integrated document. Accordingly, if the Commission rejects all or any material portion of this stipulation, each 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.

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 15th day of November 2005.

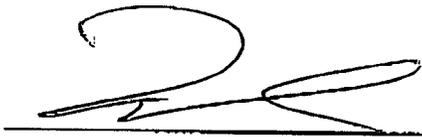
Respectfully submitted,

HARDY MYERS
Attorney General



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

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DATED this 15th day of November 2005.

Martin E. Hansen
Attorney for
Long Butte Water System, Inc.

CASE: UW 110
STAFF WITNESS: Renee Sloan
STAFF WITNESS: Michael Dougherty
COMPANY WITNESS: Patrick Hodge

**PUBLIC UTILITY COMMISSION
OF
OREGON**

STAFF EXHIBIT 2

**Exhibits in Support of the
Stipulation**

November 17, 2005

LONG BUTTE WATER SYSTEM UW 110 Test Year: 2004			Company Case 78.2%			Staff 40.8%					
			A	B	C	D	E	F	G	H	I
Acct. No.		Balance Per Application Test Year: 2004	Proposed Company Adjustments	Adjusted Results (A+B=C)	Company Proposed Rev Changes	Proposed Results (C+D=E)	Proposed Staff Adjustments	Adjusted Results	Staff Proposed Rev Changes	Proposed Results	
1	461.1	Residential Water Sales	124,483		124,483	97,354	221,837	0	124,483	50,844	175,327
2	461.2	Commercial Water Sales	0		0		0	0	0	0	0
3		Tariff Schedule 4A (Infrastructure)	75,900	(75,900)	0		0	(75,900)	0	0	0
4		Backflow Testing	5,725	(5,725)	0		0	(5,725)	0	0	0
5	471	Misc. Revenues	9,019	(9,019)	0		0	(9,019)	0	0	0
6		TOTAL REVENUE	215,127	(90,644)	124,483	97,354	221,837	(90,644)	124,483	50,844	175,327
7											
8		OPERATING EXPENSES									
9	601	Salaries and Wages - Employees	0	103,860	103,860		103,860	72,644	72,644		72,644
10	603	Salaries and Wages - Officers	0	12,000	12,000		12,000	7,454	7,454		7,454
11	604	Employee Pension & Benefits	0	11,809	11,809		11,809	12,674	12,674		12,674
12	610	Purchased Water	0	0	0		0	0	0		0
13	611	Telephone/Communications	929	1,237	2,166		2,166	1,300	2,229		2,229
14	615	Purchased Power	15,871	0	15,871		15,871	737	16,608		16,608
15	618	Chemical / Treatment Expense	1,211	789	2,000		2,000	(1,211)	0		0
16	619	Office Supplies	540	736	1,276		1,276	313	853		853
17	619.1	Postage	1,264	100	1,364		1,364	327	1,591		1,591
18	620	O&M Materials/Supplies	2,824	0	2,824		2,824	(1,558)	1,266		1,266
19	621	Repairs to Water Plant	7,695	(4,979)	2,716		2,716	(6,773)	922		922
20	631	Contract Svcs - Engineering	0	0	0		0	0	0		0
21	632	Contract Svcs - Accounting	600	400	1,000		1,000	400	1,000		1,000
22	633	Contract Svcs - Legal	28,854	(26,854)	2,000		2,000	(20,542)	8,312		8,312
23	634	Contract Svcs - Management Fees	0	0	0		0	0	0		0
24	635	Contract Svcs - Testing	0	0	0		0	1,356	1,356		1,356
25	636	Contract Svcs - Labor	65,298	(62,298)	3,000		3,000	(62,298)	3,000		3,000
26	637	Contract Svcs - Billing/Collection	0	0	0		0	0	0		0
27	638	Contract Svcs - Meter Reading	0	0	0		0	0	0		0
28	639	Contract Svcs - Other	0	0	0		0	0	0		0
29	641	Rental of Building/Real Property	0	3,744	3,744		3,744	3,928	3,928		3,928
30	642	Rental of Equipment	0	1,500	1,500		1,500	1,500	1,500		1,500
31	643	Small Tools	0	100	100		100	100	100		100
32	648	Computer/Electronic	1,210	200	1,410		1,410	(494)	716		716
33	650	Transportation	3,099	3,843	6,942		6,942	3,266	6,365		6,365
34	656	Vehicle Insurance	0	1,033	1,033		1,033	1,033	1,033		1,033
35	657	General Liability Insurance	1,000	(154)	846		846	(154)	846		846
36	658	Workers' Comp Insurance	0	2,952	2,952		2,952	2,258	2,258		2,258
37	659	Insurance - Other	0	0	0		0	0	0		0
38	660	Public Relations/Advertising	0	0	0		0	0	0		0
39	666	Amortz. of Rate Case	0	9,618	9,618		9,618	0	0		0
40	667	Gross Revenue Fee (PUC)	339	50	389		389	(28)	311	127	438
41	668	Water Resource Conservation	0	0	0		0	0	0		0
42	670	Bad Debt Expense	566	(366)	200		200	(366)	200		200
43	671	Cross Connection Control Program	4,097	(4,097)	0		0	(4,097)	0		0
44	672	System Capacity Dev Program	0	0	0		0	0	0		0
45	673	Training and Certification	80	80	160		160	80	160		160
46	674	Consumer Confidence Report	526	(200)	326		326	(343)	183		183
47	675	General Expense	76,248	(75,900)	348		348	(75,724)	524		524
48		TOTAL OPERATING EXPENSE	212,251	(20,797)	191,454	0	191,454	(64,218)	148,033	127	148,160
49											
50	403	Depreciation Expense	612	5,620	6,232		6,232	5,995	6,607		6,607
51	407	Amortization Expense							0		0
52	408.11	Property Taxes	6,629	331	6,960		6,960	(3,726)	2,903		2,903
53	408.12	Payroll Taxes	0	8,132	8,132		8,132	7,365	7,365		7,365
54	408.13	Licenses/Fees	100		100		100	0	0		0
55	409.11	Oregon Income Tax	10	0	10		10	(2,380)	(2,370)	3,347	679
56	409.10	Federal Income Tax	0	0	0		0	(5,052)	(5,052)	7,105	1,442
57		TOTAL REVENUE DEDUCTIONS	219,602	(6,714)	212,888	0	212,888	(62,016)	157,586	10,580	167,156
58		NET OPERATING INCOME	(4,475)	(83,930)	(88,405)	97,354	8,949	(28,628)	(33,103)	40,264	8,171
59											
60	101	Utility Plant in Service	1,766,339	106,020	1,872,359		1,872,359	(1,656,304)	110,035		110,035
61		Less:							167,039		
62	108.1	Depreciation Reserve	13,429	0	13,429		13,429	30,686	44,115		44,115
63	271	Contributions in Aid of Const	1,664,585	75,900	1,740,485		1,740,485	(1,664,585)	0		0
64	272	Amortization of CIAC							0		0
65	281	Accumulated Deferred Income Tax							0		0
66		Net Utility Plant	88,325	30,120	118,445	0	118,445	(22,405)	65,920	0	65,920
67		Plus: (working capital)									
68	151	Materials and Supplies Inventory	5,465	0	5,465		5,465	0	5,465		5,465
69		Working Cash (Total Op Exp /12)	0	14,000	14,000		14,000	(5,352)	12,336	11	12,347
70		TOTAL RATE BASE	93,790	44,120	137,910	0	137,910	(27,756)	66,034	11	83,732
71		Rate of Return	-4.77%		-64.10%		6.49%				9.76%

Containing Rules and Regulations Governing Water Utility Service

NAMING RATES FOR

Long Butte Water System Inc

PO BOX 7648

Bend OR 97708-7648

(541) 383-2863

(541) 383-6511

Serving water in the vicinity of

Bend, Oregon

Issue Date		Effective Date	
Issued By	<i>(date filing was mailed)</i>		<i>(at least 30 days after PUC receives filing)</i>
	Long Butte Water System, Inc.		
Signed By	<i>(name of utility)</i>		
	Patrick R. Hodge	President	
	<i>(print name)</i>	<i>(title)</i>	<i>(signature of owner or corporate officer)</i>

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1	Residential Metered Rates	3
2	Miscellaneous Charges	4
3	Water System Infrastructure Fee	5
	Rules and Regulations	6-20

Issue Date		Effective Date	
Issued By	<i>(date filing was mailed)</i>		<i>(at least 30 days after PUC receives filing)</i>
	Long Butte Water System, Inc.		
Signed By	<i>(name of utility)</i>		
	Patrick R. Hodge	President	
	<i>(print name)</i>	<i>(title)</i>	<i>(signature of owner or corporate officer)</i>

SCHEDULE NO. 1

RESIDENTIAL METERED RATES

Available: To customers of the Utility at Long Butte Water System, Inc., at Bend/Redmond, Oregon, and vicinity.

Applicable: To residential premises.

Base Rate

Service Meter Size	Monthly Base Rate	Usage Allowance	Unit of Measure
5/8 or 3/4 inch	\$34.38	N/A	<input checked="" type="checkbox"/> cubic feet <input type="checkbox"/> gallons

Commodity Usage Rate

Commodity Rate	Per	Number of Units	Unit of Measure		Base Usage Allowance	Unit of Measure
\$1.31	Per	100	<input checked="" type="checkbox"/> cubic feet	Through	401	<input checked="" type="checkbox"/> cubic feet
			<input type="checkbox"/> gallons			<input type="checkbox"/> gallons
\$1.80	Per	100	<input checked="" type="checkbox"/> cubic feet	Above	401	<input checked="" type="checkbox"/> cubic feet
			<input type="checkbox"/> gallons			<input type="checkbox"/> gallons

(Sample: \$1.00 per 100 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.

Issue Date		Effective Date	
Issued By	<i>(date filing was mailed)</i>		<i>(at least 30 days after PUC receives filing)</i>
	Long Butte Water System, Inc.		
Signed By	<i>(name of utility)</i>		
	Patrick R. Hodge	President	
	<i>(print name)</i>	<i>(title)</i>	<i>(signature of owner or corporate officer)</i>

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.

Connection Charge for New Service (Rule No. 9)

Standard 3/4-inch service	\$450.00
Larger than 3/4-inch	\$450.00 (plus additional costs)

Meter Test (Rule No. 21)

First test within 12-month period	N/C
Second test within 12-month period	\$25.00 plus costs

Pressure Test (Rule No. 40)

First test within 12-month period	N/C
Second test within 12-month period	\$25.00

Late-Payment Charge (Rule No. 22)

Charged on the due date of the bill or the 16 th date from mailing, whichever is the latest.	Pursuant to OAR 860-036-0050 (as of 1/1/05-1.7%) but no less than \$3.00
---	---

Deposit for Service (Rule No. 5)

Pursuant to OAR 860-036 0040(2)	Pursuant to OAR 860-036-0050 (as of 1/1/05 - 2%)
---------------------------------	---

Returned-Check Charge (Rule No. 23)

\$25.00 each occurrence

Trouble-Call Charge (Rule No. 36)

During normal office hours	\$35.00 per hour
After normal office hours on special request	\$50.00 per hour

Disconnection/Reconnect Charge (Rule No. 28 & 29)

During normal office hours	\$25.00
After normal office hours on special request	\$50.00

Unauthorized Restoration of Service (Rule No. 30)

Reconnection charge plus costs

Damage/Tampering Charge (Rule No. 34)

At cost

Disconnect-Visit Charge (Rule No. 29)

\$25.00

Issue Date		Effective Date	
Issued By	<i>(date filing was mailed)</i> Long Butte Water System, Inc.		<i>(at least 30 days after PUC receives filing)</i>
Signed By	<i>(name of utility)</i> Patrick R. Hodge President		
	<i>(print name)</i>	<i>(title)</i>	<i>(signature of owner or corporate officer)</i>

SCHEDULE NO. 3

WATER SYSTEM INFRASTRUCTURE FEE

Available: To the property owners within a portion of the Whispering Pines Estates subdivision located in Bend, Deschutes County, Oregon.

Applicable: To the property owners within that portion of the Whispering Pines Estates subdivision that have an existing water service mainline distribution piping available in that street.

System Infrastructure Fee \$6,900

Special Provisions:

1. Payment of the system infrastructure fee is to be paid prior to a service connection installation. The fee does not include the cost of the service connection.

Issue Date		Effective Date	
Issued By	<i>(date filing was mailed)</i>		<i>(at least 30 days after PUC receives filing)</i>
	Long Butte Water System, Inc.		
Signed By	<i>(name of utility)</i>		
	Patrick R. Hodge	President	
	<i>(print name)</i>	<i>(title)</i>	<i>(signature of owner or corporate officer)</i>

RULES AND REGULATIONS

Rule 1: Jurisdiction of the Commission

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

Rule 2: Definitions

- A. **“Utility” shall mean Long Butte Water System, Inc.**
- B. **“Applicant” shall mean any person, business, or organization who 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 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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	Long Butte Water System, Inc.		
Signed By	<i>(name of utility)</i>		
	Patrick R. Hodge	President	
	<i>(print name)</i>	<i>(title)</i>	<i>(signature of owner or corporate officer)</i>

APPLICATION FOR SERVICE

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

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

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

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

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

An application for water service must be made where:

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

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

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

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

- 1) issuing the customer a refund check
- 2) crediting the customer's account

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 premises using a valve placed within and near the line of the street, the utility right-of-way, or at the meter.

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

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

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Rule 9: Service Connection Charge

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

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 five 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.

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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; or
- 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.

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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.

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

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

Rule 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.

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

BILLING

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

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

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

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

All water service bills shall show:

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

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Rule 23: 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 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, 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 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 more than three years' usage. No billing adjustment shall be required if a meter registers less than 2 percent error under conditions of normal operation.

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

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DISCONNECTION OF WATER SERVICE

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

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

Rule 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, there shall be no charge made for 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 other than permitting a bill or a charge for regulated services to become delinquent, the utility shall give at least five days' written notice before water may be shut off. When a customer 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 15 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.

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

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

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

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

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

Rule 29: 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 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, and the reconnection charge listed on the Miscellaneous Service Charges Schedule are paid in full.

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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 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 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 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.

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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 testings, 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.

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

For metered service, the pressure will be tested at a point adjacent to the meter on the customer's service line. For nonmetered service, the pressure will be tested at the customer's service line or hose 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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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 requires that all metered service connections have a state approved Backflow Prevention Device installed prior to service beginning. All devices must be installed at a location specified by the utility. All devices must be installed by the owner or a state licensed plumber. All devices must be tested upon installation and certified to have been installed properly and is operating properly. Devices must be tested annually to insure proper operation. All costs associated with installation, maintenance and testing is to the sole burden of the customer.

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	<i>(print name)</i>	<i>(title)</i>	<i>(signature of owner or corporate officer)</i>

**UW 110
Service List (Parties)**

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CERTIFICATE OF SERVICE

UW 110

I certify that I have this day served the foregoing document upon all parties of record in this proceeding by delivering a copy in person or by mailing a copy properly addressed with first class postage prepaid, or by electronic mail pursuant to OAR 860-13-0070, to all parties or attorneys of parties.

Dated at Salem, Oregon, this 17th day of November, 2005.



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