

CUSTOMER NOTICE

ANNOUNCEMENT OF PROPOSED CHANGES TO YOUR WATER SERVICE RATE TARIFFS FILED WITH THE PUBLIC UTILITY COMMISSION OF OREGON

December 15, 2015

Pursuant to PUC Order No. 06-642, **SHADOWWOOD WATER SERVICE** submitted a general rate filing to the Public Utility Commission of Oregon (Commission) on **DECEMBER 15, 2015**. The company is seeking to increase its annual water sales revenues by \$31,650 above the \$37,599 collected in 2014, for a total annual revenue of \$68,696. The purpose of this announcement is to provide you with general information regarding the proposed rates and the effect the filing may have on your water bill.

Shadowwood Water Service anticipates the proposal will increase the average customers' monthly water service bill as shown below:


Residential Line Size	Current Ave Monthly Bill	Proposed Ave Monthly Bill
5/8" X 3/4"	\$66.33	\$90.87

1. Shadowwood Water Service is seeking the above rate increase because the current revenues no longer cover the cost to provide water service and allow the company a reasonable return on its investment. The company's last rate increase was in 2005. The cost of doing business has increased over the last 10 years and Shadowwood Water Service can no longer absorb the increase costs of providing service.
2. If you would like a copy of Shadowwood Water Service's application, testimony and exhibits submitted to the Commission, they are available by calling 503-554-8333 or at the company main office at 700 N College St. Newberg, OR.
3. For additional information about the rate filing please contact Silas Olson. He is available at the contact information above.
4. To request to receive notices of the time and place of hearings on the matter, contact the Commission at 1-800-522-2404; TTY 711, or mail your request to:

PUBLIC UTILITY COMMISSION OF OREGON
ADMINISTRATIVE HEARINGS DIVISION
PO BOX 1088
SALEM OR 97308
5. Please note: The calculations and statements contained in this announcement and in the filing submitted to the Commission are not binding on the Commission.

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

The attached testimony summarizes the utility's financial operations, the effects of current rates on the individual classes of customers, and the effects of the proposed rates on the individual classes of customers for the 12-month test period ending December 31, 2014.

A handwritten signature in blue ink, reading "Silas Olson", is written over a horizontal line.

SILAS OLSON
OWNER
SHADOWWOOD WATER SERVICE

A handwritten date "12/15/15" in blue ink is written over a horizontal line.

DATE

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

A.

Legal Name	SHADOWWOOD WATER SERVICE		
Business Address	PO BOX 699		
City, State, Zip	NEWBERG OR 97132		
Telephone Number	503-554-8333	Emergency Number	800-208-0437
Fax Number	503-554-9215	Email Address	info@hilandwater.com

2. Q. PLEASE PROVIDE THE FOLLOWING INFORMATION FOR PERSON FILING THIS DOCUMENT.

A.

Name	SILAS OLSON		
Title	GENERAL MANAGER		
Address	PO BOX 699		
City, State, Zip	NEWBERG OR 97132		
Telephone Number	503-554-8333	Emergency Number	503-537-4504
Fax Number	503-554-9215	Email Address	silas@hilandwater.com

3. Q. PLEASE PROVIDE THE FOLLOWING INFORMATION REGARDING THE SYSTEM'S WATER OPERATOR OF RECORD.

A.

Operator Name	AARON OLSON		
Address	PO BOX 699		
City, State, Zip	NEWBERG OR 97132		
Telephone #	503-554-8333	E-Mail Address	aaron@hilandwater.com
Certified Operator <input checked="" type="checkbox"/> yes <input type="checkbox"/> no	Certification Level WD 1 , WT 1	Registration Number 08773	

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

A. The utility's accountant or bookkeeper is:

Name	WANT & EMERY CPA
Address	105 PARKVIEW DR
City, State, Zip	NEWBERG OR 97132
Telephone Number	503-538-5023
E-Mail Address	TEMERY@WANTCPA.COM

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

A. Shadowwood is owned by:

Name	MELVIN OLSON
Address	4054 NE GARDEN DR
City, State, Zip	NEWBERG OR 97132
Telephone Number	503-554-8333

Name	MARILYN OLSON
Address	4054 NE GARDEN DR
City, State, Zip	NEWBERG OR 97132
Telephone Number	503-554-8333

Name	MICAH OLSON
Address	16375 CHEHALEM DR
City, State, Zip	NEWBERG OR 97132
Telephone Number	503-554-8333

Name	MATT OLSON
Address	PO BOX 1356
City, State, Zip	ST HELENS OR 97051
Telephone Number	503-554-8333

Name	ELIJAH OLSON
Address	58401 LINDSAY LN
City, State, Zip	WARREN OR 97053
Telephone Number	503-554-8333

Name	SILAS OLSON
Address	715 E NORTH ST
City, State, Zip	NEWBERG OR 97132
Telephone Number	503-554-8333

Name	SETH OLSON
Address	PO BOX 907
City, State, Zip	NEWBERG OR 97132
Telephone Number	503-554-8333

Name	ZACHARY OLSON
Address	1300 E 9 TH ST
City, State, Zip	NEWBERG OR 97132
Telephone Number	503-554-8333

Name	AARON OLSON
Address	23875 NE DILLON RD
City, State, Zip	NEWBERG OR 97132
Telephone Number	503-554-8333

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

A. Shadowwood officers are:

Name	MELVIN OLSON		
Title	PRESIDENT		
Address	4054 NE GARDEN DR		
City, State, Zip	NEWBERG OR 97132		
Hours Worked		Annual Salary	\$ 600.00
Phone Number	503-554-8333		
E-Mail Address	MEL@HILANDWATER.COM		

Name	MICAHA OLSON		
Title	VICE PRESIDENT		
Address	16375 CHEHALEM DR		
City, State, Zip	NEWBERG OR 97132		
Hours Worked		Annual Salary	\$600.00
Phone Number	503-554-8333		
E-Mail Address	MICAHA@HILANDWATER.COM		

Name	SILAS OLSON		
Title	SECRETARY / TREASURER		
Address	715 E NORTH ST		
City, State, Zip	NEWBERG OR 97132		
Hours Worked		Annual Salary	\$600.00
Phone Number	503-554-8333		
E-Mail Address	SILAS@HILANDWATER		

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

A. I am the general manager of the water utility. I am ultimately responsible for the administration, operations, and management of Shadowwood.

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

A. No, I am not engaged in other business.

Yes, I own rental property and do consulting work.

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

Yes, the exhibits in this testimony were prepared by me or under my supervision.

SUMMARY OF SHADOWWOOD'S PROPOSED RATE REQUEST

10. Q. WHAT CHANGE IN ANNUAL REVENUES IS SHADOWWOOD SEEKING?

A. Shadowwood's 2014 calendar year water sales revenues were \$37,599. Shadowwood seeks a rate increase of \$31,097 or 82.71% to its current annual revenues, resulting in total annual revenues of \$68,696.

11. Q. PLEASE SUMMARIZE WHY THE UTILITY IS SEEKING THE PROPOSED CHANGE IN RATES.

A. Shadowwood is seeking this change in rates because the revenues do not cover expenses and provide a reasonable return on the company's investment. In addition, major capital improvements have been made since Shadowwood's last rate case in 2005 that need to be reflected in rate base.

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

A. The test period Shadowwood selected is January 1, 2014 through December 31, 2014.

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

A. The utility rate base is \$283,941.

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

A. Shadowwood is seeking a 10 % rate of return on the rate base because it is a usual, customary and reasonable return based on the level of risk involved in the water industry. These risks involve global climate changes, environmental changes, local weather fluctuations, changes in the regulatory environment at the national, state, and local levels, customer usage variations, and volatility of the housing market, to name a few.

GENERAL UTILITY INFORMATION

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

A. Shadowwood was legally organized on 10/01/1997, under the laws of the State of Oregon as a:

Proprietorship Partnership Corporation LLC Other: _____

Note: Hiland Water Corp. was incorporated in 1997 but acquired Shadow Wood Water on 01/01/2003.

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

A. The original construction date of the system is unknown. The date the water system began providing service is also unknown. It is believed that Well #1 was originally drilled in 1927.

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

A. The current owners purchased Shadowwood in January 2003, the utility was (**check one**):

Purchased Constructed Received through donation Inherited

18. Q. DO ORAL OR WRITTEN CONTRACTS EXIST BETWEEN THE UTILITY AND PERSONS AFFILIATED WITH THE COMPANY? IF YES, PLEASE PROVIDE COPIES OF EACH CONTRACT.

A. No, oral or written contracts do not exist between the utility and its owners and affiliated interests.

Yes, PUC approved contracts do exist between the utility and its owners and affiliated interests. Approval found in PUC Order No. _____.

Yes, oral or written contracts do exist between Shadowwood and its owners and affiliated interests, but have not yet been approved by PUC. An application for approval of an AI contract is being submitted to the Commission in tandem with this rate case application.

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

A. No, Shadowwood has not filed an application with PUC for an approved service territory.

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

- A. No, the utility is not a subsidiary of a parent corporation or holding company.
 Yes, Shadowwood is a subsidiary of Hiland Water Corp.

21. Q. HOW MANY FULL OR PART-TIME EMPLOYEES DOES THE UTILITY CURRENTLY EMPLOY?

- A. Shadowwood has no employees. Shadowwood contracts with Hiland Water Corp. for services. See Affiliated Interest Contract and Application.

22. Q. PROVIDE THE FOLLOWING INFORMATION FOR ALL EMPLOYEES. (IF A POSITION IS CURRENTLY VACANT BUT WILL BE FILLED WITHIN A YEAR, INCLUDE INFORMATION FOR THAT POSITION.)

- A. Shadowwood does not have any employees.

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

- A. No, Shadowwood does not propose adding any full- or part-time employees.

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

- A. No, the utility does not contract for any services.
 Yes, Shadowwood contracts for the following services:

Name of Independent Contractors	Description of Contract Services
Legal	Greene & Markley
Accounting	Want & Emery CPA's
Consulting	KWillis Consulting
Water Testing /Sampling	Alexin Analytical

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

A. Shadowwood’s capital structure is:

Debt	Original Balance	Outstanding Balance	Loan Terms	Interest Rate (%)
TOTAL DEBT	\$ 0	\$		
TOTAL EQUITY	\$	\$283,941		10%

OPERATING REVENUES

26. Q. IN COLUMN A BELOW, PROVIDE THE UTILITY’S ACTUAL ANNUAL REVENUE FOR ITS CHOSEN TEST YEAR. IN COLUMN B BELOW, PROVIDE THE UTILITY’S PROPOSED ADJUSTMENTS (INCREASE OR DECREASE) TO COLUMN A FOR THE COMING YEAR FOR EACH APPLICABLE ACCOUNT. COLUMN C IS THE TOTAL OF COLUMNS A AND B.

A. Test period revenues, proposed revenue adjustments, and proposed revenue results are below:

Acct #	OPERATING REVENUE	Test Year \$	Proposed Adjustments \$	Proposed Results (A + B = C) \$
461.1	Residential Water Sales Revenue	\$37,599	\$31,097	\$68,696
462	Fire Protection Sales Revenue	\$	\$	\$
TOTAL REVENUE		\$37,599	\$31,097	\$68,696

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

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

DESCRIPTION OF REVENUE OTHER THAN WATER SALES	ANNUAL AMOUNT
Miscellaneous Fees (late fees, disconnections, field visits)	\$ 356
	\$
TOTAL	\$ 356

OPERATING EXPENSES

28. Q. PROVIDE THE UTILITY’S ACTUAL ANNUAL EXPENSE FOR ITS CHOSEN TEST YEAR, USING THE APPROPRIATE ACCOUNT FOR EACH EXPENSE. IN COLUMN B

PROVIDE THE UTILITY'S PROPOSED ADJUSTMENTS AND IN COLUMN C**PROVIDE THE SUM OF COLUMN A PLUS COLUMN B.**

- A. Test period expenses, proposed expense adjustments, and proposed expense results are shown below. The costs are made up of direct expenses to Shadowwood and indirect expenses allocated to Shadowwood by Hiland Water Corp., its affiliate. The allocation methodology is outline in Master Services Affiliated Interest Agreement Application and Contract filed in tandem with this application:

Acct #	OPERATING EXPENSES	Test Year \$	Proposed Adjustments \$	Proposed Results (A + B = C) \$
601	Salaries & Wages – Employees	\$ 9,601	\$ 394	\$ 9,995
603	Salaries & Wages – Officers, Directors, and Majority Stockholders	\$	\$ 130	\$ 130
604	Employee Pensions and Benefits	\$	\$412	\$ 412
610	Purchased Water			
611	Telephone/Communications	\$ 438	\$ 125	\$563
615	Purchased Power	\$ 2172	\$ -461	\$ 1,711
	Other Utilities (Gas & Janitorial)	\$ 23	\$ 9	\$ 32
618	Chemicals/Treatment Expense	\$ 2510	\$ -2510	\$ 0
619	Office & Warehouse Supplies	\$ 3	\$ 370	\$ 373
619.1	Postage	\$ 203	\$ 66	\$ 269
620	Materials/Supplies (O&M)	\$ 1828	\$ -1031	\$ 797
621	Repairs to Water Plant	\$	\$	\$
631	Contractual Services – Engineering	\$ 163	\$ 0	\$ 163
632	Contractual Services – Accounting	\$ 47	\$ -7	\$ 40
633	Contractual Services – Legal	\$	\$	\$
634	Contractual Services – Mgmt Fees	\$ 849	\$ -849	\$ 0
635	Contractual Services – Testing	\$ 0	\$ 1,815	\$ 1,815
636	Contractual Services – Labor	\$ 704	\$ 0	\$ 704
	Contractual Services - Other	\$277	\$ 470	\$ 747
637	Contractual Services – Billing/Collection	\$ 226	\$ -226	\$ 0
641	Rental of Building/Real Property	\$ 513	\$117	\$ 630
642	Rental of Equipment	\$ 440	\$ 229	\$669
643	Small Tools	\$	\$	\$
648	Computer/Electronic Expense	\$ 92	\$ 22	\$ 114
650	Transportation Expense	\$ 858	\$ 0	\$858
656	Insurance – Vehicle	\$ 134	\$ -20	\$ 114

657	Insurance – General Liability	\$ 206	\$ 22	\$ 228
658	Insurance – Workers’ Compensation	\$ 0	\$ 164	\$ 164
659	Insurance – Other	\$	\$	\$
660	Public Relations/Advertising Expense	\$ 0	\$ 12	\$ 12
666	Amortization of Rate Case Expense	\$ 0	\$ 1,667	\$1,667
667	Gross Revenue Fee	\$ 97	\$ 109	\$ 206
671	Cross Connection Control Program Expense	\$	\$	\$
670	Bad Debt Expense	\$	\$	\$
673	Training and Certification Expense	\$ 22	\$ 89	\$ 111
674	Consumer Confidence Report	\$	\$	\$
675	Miscellaneous Expenses (Itemize on Separate Schedule)	\$ 292	\$ -54	\$ 238
401	TOTAL OPERATING EXPENSES	\$ 21,698	\$ 1062	\$ 22,760

OTHER REVENUE DEDUCTIONS

Acct #	OPERATING EXPENSES CONTINUED	Test Year	Proposed Adjustments	Proposed Results (A + B = C)
403	Depreciation Expense	\$ 7,946	\$ 1,080	\$ 9,026
408.11	Property Tax	\$ 637	\$ 60	\$ 697
408.12	Payroll Tax	\$ 0	\$ 458	\$ 458
409.10	Federal Income Tax	\$ 194	\$ 4,817	\$ 5,011
409.11	Oregon Income Tax	\$ 92	\$ 2,269	\$ 2,361
409.13	Extraordinary Items Income Tax	\$	\$	\$
434	TOTAL OPERATING & OTHER REVENUE DEDUCTIONS	\$ 30,567	\$ 9,746	\$ 40,313

29. Q PLEASE ITEMIZE THE SEPARATE COMPONENTS OF MISCELLANEOUS EXPENSE, ACCOUNT 675, IN QUESTION 30.

A. The following is an itemized list of all miscellaneous expenses:

DESCRIPTION OF MISCELLANEOUS EXPENSES	ANNUAL COST
Allocation of subscriptions, memberships, licenses - allocated	\$17
Bank Charges - allocated	\$41
Other (Specify) OHA Cross Connection Fee	\$ 30
Sanitary Survey	\$ 150
TOTAL	\$ 238

UTILITY CURRENT RATES AND SCHEDULES

In the following questions, please indicate what type of service and how the water is measured (if metered).

M is for Metered Service *F is for Flat Service* *CF is for Cubic Feet* *G is for Gallons*

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

A. Shadowwood's current rate structure is described below:

UTILITY CURRENT RATES FOR RESIDENTIAL SERVICE

Line or Meter Size	Check One	Current Residential Monthly Base or Flat Rate	Residential Consumption Included in Base Rate	Current Residential Monthly Commodity/Usage Rate
3/4" X 5/8"	<input checked="" type="checkbox"/> M <input type="checkbox"/> F	\$28.20	none	<input type="checkbox"/> CF <input checked="" type="checkbox"/> Gal \$0.394 Per 100 gallons

31. Q. PLEASE PROVIDE THE FOLLOWING INFORMATION FOR EACH CUSTOMER CLASS FOR THE MOST RECENT COMPLETED CALENDAR YEAR - 2014.

A.

Customer Class	Number of Customers at Beginning of Year	Number of Customers at End of Year	Total Annual Water Sales Revenues	Total Annual Consumption	Cubic Feet or Gal
Residential	63	63	\$ 37,599	4,172,600	<input type="checkbox"/> CF <input checked="" type="checkbox"/> Gal
TOTAL	63	63	\$ 37,599	4,172,600	<input type="checkbox"/> CF <input checked="" type="checkbox"/> Gal

UTILITY PROPOSED RATES AND SCHEDULES

In the following questions, please indicate what type of service and how the water is measured (if metered).

M is Metered Service F is Flat Service CF is Cubic Feet G or Gal is Gallons

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

A. Shadowwood is proposing the following rate structure:

PROPOSED RATES FOR RESIDENTIAL SERVICE

Line or Meter Size	Check One	Proposed Monthly Base or Flat Rate	Consumption Included in Base Rate	Proposed Monthly Commodity/Usage Rate
3/4" X 5/8"	<input checked="" type="checkbox"/> M <input type="checkbox"/> F	\$ 66.33	none <input type="checkbox"/> CF <input checked="" type="checkbox"/> Gal	\$0.44 Per 100 gallons

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

A. Shadowwood's **PROPOSED** number of customers, average customer monthly bill, and average monthly consumption are shown in the table below. Also proposed total annual revenues is shown below.

Consumption is measured in <input type="checkbox"/> CF <input checked="" type="checkbox"/> GALS: Customer Class	PROPOSED Number of Customers	PROPOSED Average Monthly Bill	PROPOSED Average Monthly Consumption	PROPOSED Total Annual Revenue
Residential 5/8" or 3/4"	63	\$ 90.87	5,519 gallons	\$ 68,696

UTILITY PLANT

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

- A. **Yes**, Shadowwood has made the following improvements, additions, or extensions to its water system in the last five (5) years or since its last rate case as detailed below:

Capital Improvement/Plant Description	Cost (including labor)	In Service Date
2009 new well - in service 12/10/15*	\$30,896	Dec 2015
2010 development of well – in service 12/10/15*	\$4,337	Dec 2015
Installation of new well pump (Crow)* Dec. 2015	\$17,585	Dec 2015
Mainline Upgrade March to August 2015*	\$58,497	Aug 2015
*Improvements are already included in Plant/Depreciation Schedule		

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

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

Future Plant Description	Estimated Cost (including labor)	Est. Date In Service
none	\$ 0	0

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

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

37. Q. PLEASE PROVIDE THE FOLLOWING INFORMATION ON UTILITY PLANT IN SERVICE.

See Plant and Depreciation Schedule separately attached.

38. Q. IN COLUMN A: PROVIDE THE UTILITY'S ACTUAL PLANT TOTAL FOR ITS CHOSEN TEST YEAR. IN COLUMN B: PROVIDE THE UTILITY'S PROPOSED ADJUSTMENTS (INCREASE OR DECREASE) FOR THE COMING YEAR. IN COLUMN C PROVIDE THE TOTAL OF COLUMN A PLUS COLUMN B.

A. Plant accounts are shown below:

UTILITY PLANT	Test Year	Proposed Adjustments	Proposed Results (A + B = C)
Total Utility Plant (from above)	\$	\$	\$ 413,996
SUBTRACT Accumulated Depreciation of Utility Plant In Service	\$	\$	\$ 133,646
SUBTRACT Accumulated Amortization of Utility Plant In Service	\$	\$	\$
SUBTRACT Advances For Construction	\$	\$	\$
SUB TOTAL	\$	\$	\$ 280,350
ADD Plant Material & Supplies Inventory	\$	\$	\$ 1,694
ADD Working Cash (1/12 total operating expense)	\$	\$	\$ 1,896
TOTAL	\$	\$	\$ 283,941

39. Q. DOES THE UTILITY HAVE A MASTER METER AT ITS WATER SUPPLY SOURCE? IF SO, STATE THE TOTAL AMOUNT OF WATER PUMPED DURING THE LAST CALENDAR YEAR.

- A. **Yes**, Shadowwood has a master meter at its water supply source. The total amount of water pumped during the 2014 calendar year was 4,172,600 gallons.

40. Q. DOES THE UTILITY HAVE WATER RIGHT PERMITS OR CERTIFICATED WATER RIGHTS AS REQUIRED BY THE OREGON WATER RESOURCES DEPARTMENT?

A. Yes. See Water Right Information in Plant Information of this testimony, Attachment A.

41. Q. PLEASE DESCRIBE THE UTILITY'S SOURCE OF WATER SUPPLY.

A. Shadowwood's source of water supply is wells as shown in Plant Information to this testimony, Attachment A.

Well logs are provided as documentation on flash drive.

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

A. See Pumping Information shown in Plant Information of this testimony, Attachment A.

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

A. See Storage Tank/Reservoir Information shown in Plant Information of this testimony, Attachment A.

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

A. The utility is proposing to establish new rules.

Shadowwood is not proposing any rule changes.

The Utility is proposing to change the following rules (include rule number and a summary of the proposed changes).

SERVICE QUALITY

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

A. No, the Utility has not experienced any service problems or customer complaints in the last year.

- Yes, Shadowwood has experienced service problems and/or customer complaints as listed below during 2014 and 2015. All complaints have been resolved. Shadowwood customers experienced a water outage in Feb 2014 due to a frozen line. A couple of fire hydrants were damaged and/or stolen. Customers reported two leaks that were fixed and a low pressure issue due to undersized lines that was resolved with a line replacement in 2015.

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

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

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

- A. No, Shadowwood does not currently have a regular flushing schedule, but intend to develop a schedule in the near future.
- Yes, the utility regularly flushes its lines every

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

- A. No, the utility has not notified the customers of its regular flushing schedule.
- Yes, Shadowwood currently informs the customer in advance of any flushing. Once the regular flushing schedule for Shadowwood is developed, all customers will be informed of the schedule, and the schedule will be available on the utility's web page.

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

- A. No, the utility does not have any fire hydrants.
- Yes, Shadowwood has 3 hydrants. One hydrant on Stafford & Pattulo - 750' from the hydrant on the end Shadow Wood Drive (as the crow flies). The hydrant at the end of Shadow Wood Drive is 550' from a hydrant at the intersection of Shadow Wood Dr. and Bolds Way. The utility's fire insurance rating is unknown.

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

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

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

- A. I have over 200 customers.
 Shadowwood has fewer than 200 customers. A customer mailing list is attached separately.

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

- A. No.
 Yes, I would like to testify additionally regarding the following:

53. Q. DOES THIS CONCLUDE YOUR TESTIMONY?

- A. Yes.

Attachments include:

Attachment A – Supplemental Plant Information

Attachment B - Proposed Revenue Requirement

Attachment C - Proposed Tariffs

Customer Mailing List – Separate Attachment

Proposed Plant & Depreciation Schedule – Separate Attachment

SUPPLEMENTAL PLANT INFORMATION

WELLS & WELL PUMPS						
IDENTIFY EACH SEPARATELY						
	WELL No. 1	WELL No. 2	WELL No. 3	WELL No. 4	WELL No. 5	WELL No. 6
WELL NAME OR IDENTIFYING NO.	SHADOW WOOD	MOSSY BRAE (NOT IN WATER SYSTEM)	CRESCENT DR.	UNDRILLED		
YEAR CONSTRUCTED	1927	1961	2009	N/A		
WATER RIGHT PERMIT OR CERTIFICATION NUMBER	G-15918	G-15918	G-15918	G-15918		
HYDRAULICALLY CONNECTED TO SURFACE WATER (YES OR NO)	No	No	No	No		
WELL DEPTH	100'	195'	440'	N/A		
WELL DIAMETER	8"	10" & 8"	12", 10" & 8"	N/A		
PUMPING CAPACITY – GPM	50	UNKNOWN	90	N/A		
PUMP MOTOR – HP		UNKNOWN	10	N/A		
YIELDS OF WELL IN GPD	UNKNOWN	UNKNOWN	576,000	N/A		
AUXILIARY POWER	NO	UNKNOWN	NO	N/A		
WELL CONSTRUCTION	UNKNOWN	UNKNOWN	ROTARY AIR	N/A		
CASING	8"	10"	8"	N/A		

Pump Type & Pump HP	Average Daily Demand	Annual Peak Demand	Maximum Pumping Capacity	Range of Pressure at Pump	Range of Pressure at Customers' Property
BOOSTER 10 HP	1,000 GPD	1,600 GPD		50-70 PSI	50-70 PSI
BOOSTER 10 HP	1,000 GPD	1,600 GPD		50-70 PSI	50-70 PSI
WELL #1 PUMP	14,000 GPD	22,000 GPD	57 GPM		
WELL #3 PUMP			90 GPM		

STORAGE TANKS/RESERVOIRS					
IDENTIFY EACH SEPARATELY					
NAME OR IDENTIFYING NUMBER	DESCRIPTION I.E.: STEEL CONCRETE PNEUMATIC	TANK CAPACITY	GROUND OR ELEVATED	DATE INSTALLED	PRESENT CONDITION
RESERVOIR 1	CONCRETE	16,000 GAL	GROUND	UNKNOWN	NOT IN USE
RESERVOIR 2	CONCRETE	20,000 GAL	GROUND	UNKNOWN	LINER INSTALLED 2005
RESERVOIR 3	CONCRETE	24,000 GAL	GROUND	UNKNOWN	GOOD

SHADOWWOOD WATER SERVICE		Test Year: 2014			Company Proposed Increase:		82.71%
Revenue Requirement		A	B	C	D	E	F
Acct No.	REVENUES	Balance per Test Year	Company Adjustments	A+B=C Adjusted Results	Revenue-Sen Adjustments	B+D=E Total Adjustments	A+E=F Co Proposed Results
460	Unmetered Water Sales	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
461.1	Residential Water Sales	\$ 37,599	\$ -	\$ 37,599	\$ 31,097	\$ 31,097	\$ 68,696
461.2	Commercial Water Sales	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
462	Fire Protection	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
464	Water Sales to Public Authorities	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
465	Irrigation -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
466	Sales for Resale	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
467	Golf Course	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
468	Special Contracts	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
471	Misc Late Fees \$4.02/Credit Cd \$352	\$ 356	\$ (356)	\$ -	\$ -	\$ -	\$ -
472	Cell Tower/Rent from Util. Property	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
475	Cross Connection Control Revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
0	0	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	TOTAL REVENUE	\$ 37,956	\$ (356)	\$ 37,699	\$ 31,097	\$ 31,097	\$ 68,696
	OPERATING EXPENSES						
601	Salaries and Wages - Employees	\$ 9,601	\$ 394	\$ 9,995	\$ -	\$ 394	\$ 9,995
603	Salaries and Wages - Officers/Directors	\$ -	\$ 130	\$ 130	\$ -	\$ 130	\$ 130
604	Employee Pension & Benefits	\$ -	\$ 412	\$ 412	\$ -	\$ 412	\$ 412
610	Purchased Water	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
611	Telephone/Communications	\$ 438	\$ 125	\$ 563	\$ -	\$ 125	\$ 563
615	Purchased Power	\$ 2,172	\$ (461)	\$ 1,711	\$ -	\$ (461)	\$ 1,711
616	Fuel for Power Production	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
617	Other Utilities-Nat Gas & Janitorial	\$ 23	\$ 9	\$ 32	\$ -	\$ 9	\$ 32
618	Chemical / Treatment Expense	\$ 2,510	\$ (2,510)	\$ -	\$ -	\$ (2,510)	\$ -
619	Office & Warehouse Supplies	\$ 3	\$ 370	\$ 373	\$ -	\$ 370	\$ 373
619.1	Postage	\$ 203	\$ 66	\$ 269	\$ -	\$ 66	\$ 269
620	O&M Materials/Supplies	\$ 1,828	\$ (1,031)	\$ 797	\$ -	\$ (1,031)	\$ 797
621	Repairs to Water Plant	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
631	Contract Svcs - Engineering	\$ 163	\$ -	\$ 163	\$ -	\$ -	\$ 163
632	Contract Svcs - Accounting	\$ 47	\$ (7)	\$ 40	\$ -	\$ (7)	\$ 40
633	Contract Svcs - Legal	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
634	Contract Svcs - Management Fees	\$ 849	\$ (849)	\$ -	\$ -	\$ (849)	\$ -
635	Contract Svcs - Testing	\$ -	\$ 1,815	\$ 1,815	\$ -	\$ 1,815	\$ 1,815
636	Contract Svcs - Labor	\$ 704	\$ -	\$ 704	\$ -	\$ -	\$ 704
637	Contract Svcs - Billing/Collection	\$ 226	\$ (226)	\$ -	\$ -	\$ (226)	\$ -
638	Contract Svcs - Meter Reading	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
639	Contract Svcs - Other	\$ 277	\$ 470	\$ 747	\$ -	\$ 470	\$ 747
641	Rental of Building/Real Property	\$ 513	\$ 117	\$ 630	\$ -	\$ 117	\$ 630
642	Rental of Equipment/Vehicles	\$ 440	\$ 229	\$ 669	\$ -	\$ 229	\$ 669
643	Small Tools	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
648	Computer/Electronic Expenses	\$ 92	\$ 22	\$ 114	\$ -	\$ 22	\$ 114
650	Transportation	\$ 858	\$ (11)	\$ 847	\$ -	\$ (11)	\$ 847
656	Vehicle Insurance	\$ 134	\$ (20)	\$ 114	\$ -	\$ (20)	\$ 114
657	General Liability Insurance	\$ 206	\$ 22	\$ 228	\$ -	\$ 22	\$ 228
658	Workers' Comp Insurance	\$ -	\$ 164	\$ 164	\$ -	\$ 164	\$ 164
659	Insurance - Other	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
666	Amortz. of Rate Case	\$ -	\$ 1,667	\$ 1,667	\$ -	\$ 1,667	\$ 1,667
	Gross Revenue Fee (PUC)	\$ 97	\$ -	\$ -	\$ 109	\$ 109	\$ 206
670	Bad Debt Expense	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
671	Cross Connection Control Program	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
673	Training and Certification	\$ 22	\$ 89	\$ 111	\$ -	\$ 89	\$ 111
674	Consumer Confidence Report	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
675	Miscellaneous Expense	\$ 292	\$ (54)	\$ 238	\$ -	\$ (54)	\$ 238
OE1	Public Relations/Adv	\$ -	\$ 12	\$ 12	\$ -	\$ 12	\$ 12
	TOTAL OPERATING EXPENSE	\$ 21,698	\$ 942	\$ 22,543	\$ 109	\$ 1,051	\$ 22,749
	OTHER REVENUE DEDUCTIONS						
	Depreciation Expense	\$ 7,946	\$ 1,080	\$ 9,026	\$ -	\$ 1,080	\$ 9,026
406	Amort of Plant Acquisition Adjustment	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
407	Amortization Expense	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
408.11	Property Tax	\$ 637	\$ 60	\$ 697	\$ -	\$ 60	\$ 697
408.12	Payroll Tax	\$ -	\$ 458	\$ 458	\$ -	\$ 458	\$ 458
408.13	Other	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
409.1	Federal Income Tax	\$ 194	\$ -	\$ -	\$ 4,817	\$ 4,817	\$ 5,011
409.11	Oregon Income Tax	\$ 92	\$ -	\$ -	\$ 2,269	\$ 2,269	\$ 2,361
409.13	Extraordinary Items Income Tax	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	TOTAL REVENUE DEDUCTIONS	\$ 30,567	\$ 2,540	\$ 32,724	\$ 7,194	\$ 9,735	\$ 40,302
	NET OPERATING INCOME	\$ 7,388	\$ (2,896)	\$ 4,875	\$ 23,903	\$ 21,362	\$ 28,394
	UTILITY RATE BASE						
	Utility Plant Invested by Company	\$ 413,996	\$ -	\$ 413,996	\$ -	\$ -	\$ 413,996
271	+ Contributions in Aid of Construction	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	- Excess Capacity	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	Equals: Total Utility Plant	\$ 413,996	\$ -	\$ 413,996	\$ -	\$ -	\$ 413,996
	- Accum. Depreciation—Invested Plant	\$ 133,646	\$ -	\$ 133,646	\$ -	\$ -	\$ 133,646
	- Accum. Depreciation—CIAC	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
271	- Contributions in Aid of Construction	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
281	- Accumulated Deferred Income Tax	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
272	+ Accum. Amortization of CIAC	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	Equals: Net Invested Utility Plant	\$ 280,350	\$ -	\$ 280,350	\$ -	\$ -	\$ 280,350
	Plus: (working capital)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
151	Materials and Supplies Inventory	\$ -	\$ 1,694	\$ 1,694	\$ -	\$ 1,694	\$ 1,694
WrkCash	Working Cash (Total Op Exp /12)	\$ 1,808.17	\$ 70	\$ 1,879	\$ -	\$ 87.60	\$ 1,896
	TOTAL RATE BASE	\$ 282,159	\$ 1,765	\$ 283,923	\$ -	\$ 1,782	\$ 283,941
	Rate of Return	2.62%		1.72%			10.00%

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

Naming Rates For

SHADOWWOODWATER SERVICE

**PO BOX 699
NEWBERG OR 97132**

503-554-8333

**Serving water in the vicinity of
WEST LINN, OREGON**

Issue Date	December 15, 2015	Effective for services rendered on and after	January 20, 2016
Issued By	SHADOWWOOD WATER SERVICE		

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SCHEDULE NO. 1
RESIDENTIAL METERED RATES

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

Applicable: To residential premises.

Base Rate

Service Meter Size	Monthly Base Rate	Usage Allowance
5/8 or 3/4 inch	\$66.33	None
1 inch	\$	
1½ inches	\$	

Commodity Usage Rate

Commodity Rate		Number of Units	Unit of Measure	Base Usage Allowance
\$.44	Per	100	gallons	None

Special Provisions:

1. These rates are based on continuous service. Discontinuation of service may not be employed to avoid monthly charges for service. See Rule No. 27, Voluntary Discontinuance.
2. Water used during the construction of buildings, etc., shall be metered. Charges shall be made at the rates specified in this schedule. When setting of a meter is impracticable, the amount of water used shall be estimated, and the charges shall be made at specified rates for the amounts so estimated.

Issue Date	December 15, 2015	Effective for services rendered on and after	January 20, 2016
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SCHEDULE NO. 2

BLANK TARIFF FOR FUTURE USE

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

Applicable: To residential premises.

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

Special Provisions:

1. These rates are based on continuous service. Discontinuation of service may not be employed to avoid monthly charges for service. See Rule No. 27, Voluntary Discontinuance.
2. Water used during the construction of buildings, etc., shall be metered when possible. Charges shall be made at the rates specific to the type of customer:
 - Schedule No. 1, Residential Metered Rates

When setting of a meter is impracticable, the amount of water used shall be estimated, and the charges shall be made at specified rates for the amounts so estimated.

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SCHEDULE NO. 3

MISCELLANEOUS SERVICE CHARGES

This schedule lists the miscellaneous charges included in the utility's Rules and Regulations; refer to the appropriate rules for an explanation of charges and conditions under which they apply.

Connection Charge for New Service (Rule No. 9)

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

Meter Test (Rule No. 21)

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

Pressure Test (Rule No. 41)

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

Late-Payment Charge (Rule No. 22)

Charged on amounts more than 30 days past due

Pursuant to OAR 860-036-0130
 (as of 1/1/15 – 1.8%)

Deposit for Service (Rule No. 5)

Pursuant to OAR 860-036-0040(2)

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

Returned-Check Charge (Rule No. 24)

\$25.00 (each occurrence)

Trouble-Call Charge (Rule No. 37)

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

Disconnection Charge (Rule No. 29 & 30)

\$35.00

Reconnection Charge

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

Unauthorized Restoration of Service (Rule No. 31)

Reconnection charge plus costs

Damage/Tampering Charge (Rule No. 35)

At cost

Field Visit Charge (Rule No. 30)

\$35.00

Issue Date	December 15, 2015	Effective for services rendered on and after	January 20, 2016
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RULES AND REGULATIONS

Rule 1: Jurisdiction of the Commission

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

Rule 2: Definitions

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

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APPLICATION FOR SERVICE

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

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

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

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

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

An application for water service must be made where:

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

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

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

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

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

Rule 6: Customer Service Line

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

Rule 7: Separate Control of Service

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

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

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

Issue Date	December 15, 2015	Effective for services rendered on and after	January 20, 2016
Issued By	SHADOWWOOD WATER SERVICE		

Rule 9: Service Connection Charge

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

Rule 10: Main Line Extension Policy (OAR 860-036-0065)

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

Rule 11: Main Line Advances and Refunds Policy

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

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

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

Rule 12: Types of Use

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

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

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

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

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Issued By	SHADOWWOOD WATER SERVICE		

Rule 17: Refusal of Service Due to Utility Facilities (OAR 860-036-0080(7))

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

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

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

Rule 18: Refusal of Service Due to Customer Facilities (OAR 860-036-0080(4-6))

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

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

METERS

Rule 19: Utility Meters (OAR 860-036-0105)

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

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

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

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

Rule 20: Meter Testing (OAR 860-036-0110)

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

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

Rule 21: Customer-Requested Meter Test (OAR 860-036-0115)

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

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

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

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BILLING

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

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

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

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

All water service bills shall show:

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

Rule 23: Partial Payment

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

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

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Rule 24: Returned-Check Charge

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

Rule 25: Prorating of Bills

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

Rule 26: Adjustment of Bills (860-036-0135)

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

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

DISCONNECTION OF WATER SERVICE

Rule 27: Voluntary Discontinuance (OAR 860-036-0210)

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

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Rule 28: Emergency Disconnection (OAR 860-036-0215)

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

Rule 29: Disconnection of Water Service Charge for Cause (OAR 860-036-0205 and 0245)

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

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

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

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

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

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

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

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Rule 30: Reconnection Charge and Disconnection Visit Charge (OAR 860-036-0080 and 0245(7))

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

Rule 31: Unauthorized Restoration of Service

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

Rule 32: Unauthorized Use

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

Rule 33: Interruption of Service (OAR 860-036-0075)

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

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

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Rule 34: Water Supply/Usage Restrictions (OAR 860-036-0325)

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

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

Rule 35: Damages/Tampering

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

SERVICE QUALITY

Rule 36: System Maintenance (OAR 860-036-0305)

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

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

Rule 37: Trouble Call

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

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Rule 38: Water Quality (OAR 860-036-0310)

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

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

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

Rule 39: Water Pressure (OAR 860-036-0315)

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

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

Rule 40: Pressure Surveys (OAR 860-036-0320)

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

Rule 41: Customer-Requested Pressure Test (OAR 860-036-0320)

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

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

Rule 42: Maps/Records (OAR 860-036-0335)

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

Rule 43: Utility Line Location (One Call Program) (OAR 860-036-0345)

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

Rule 44: Cross Connection/Backflow Prevention Program

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

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