

**PUBLIC UTILITY COMMISSION OF OREGON  
STAFF REPORT  
PUBLIC MEETING DATE: July 16, 2019**

REGULAR  CONSENT  EFFECTIVE DATE \_\_\_\_\_ N/A \_\_\_\_\_

**DATE:** July 3, 2019

**TO:** Public Utility Commission

**FROM:** Russ Beitzel

**THROUGH:** Jason Eisdorfer, Bryan Conway, and Bruce Hellebuyck **SIGNED**

**SUBJECT:** GOVERNMENT CAMP WATER COMPANY: (Docket No. ADV 982/Advice No. 19-1) Amends Various Tariffs.

**STAFF RECOMMENDATION:**

Staff recommends that the Public Utility Commission of Oregon (Commission) allow Government Camp Water Company's (GC) tariff revisions for 1) Miscellaneous Service Charges, 2) the Main Line Extension Policy, 3) the addition of page 11A and 4) the Cross Connection/Backflow Prevention Program - to go into effect for services rendered on and after July 17, 2019.

**DISCUSSION:**

Issue

Whether the Commission should allow GC's filed tariff sheets, introducing a new Line Extension Fee and Cross Connection/Backflow Prevention Program, to become effective.

Applicable Rule or Law

Under ORS 757.205(1)-(2), every public utility must file schedules showing all rates, tolls and charges for any service performed by it within the state and all rules and regulations that in any manner affect its rates. Public utilities must charge and collect for their services in conformance with the schedules that are in effect pursuant to ORS 757.225 and ORS 757.310(1). A public utility may not charge a customer an amount for a service that is different from the amount it charges any other customer for a like and contemporaneous service under substantially similar circumstances,

ORS 757.310(2), and may not give undue preference to any particular person or locality, or subject any particular person or locality to undue prejudice, ORS 757.325(1).

Pursuant to OAR 860-036-1310(2), a water utility may charge a reasonable and non-discriminatory main line extension charge if the charge and policy are stated in the water utility's tariff or statement of rates. OAR 860-036-1310(1) defines a main line extension as the extension of a water utility's main line necessary to provide service to a customer when the property does not currently have main line frontage.

OAR 860-036-1310(3) requires a water utility's main line extension policy to list all applicable charges, describe the advance and refund provisions (including a description of the mechanisms for collecting and rebating the amount charged equitably among the customers who paid for the cost of the line), and provide the time period during which the advance and rebate provisions apply.

OAR 860-036-1680(2) requires a utility to include the rules for a Cross Connection Control Program in their tariffs or statement of rates as necessary.

The Oregon Health Authority Drinking Water Rules set forth a variety of requirements for cross connection control and backflow prevention programs. See generally OAR Chapter 333, Division 61. OAR 333-061-0070(1) requires water suppliers to undertake cross connection control programs to protect the public water systems from pollution and contamination. OAR 333-061-0070(4) requires water suppliers to develop and implement cross connection control programs that meet the minimum requirements set forth in OAR 333-061-0070. OAR 333-061-0070(9) sets the standards for isolation requirements (which are detailed in Table 42 of the Oregon Health Authority Drinking Water Rules) and when or how a Backflow Prevention Assembly can be used (which are detailed in Table 43 of the Oregon Health Authority Drinking Water Rules).

## Analysis

### *Background*

GC is a rate and service regulated investor-owned water utility located in Government Camp, OR. Government Camp is a small, unincorporated winter resort community located near Mt. Hood. As there is no municipal water system serving this area, GC is the major water provider. It currently serves approximately 660 residences and businesses. GC provides water service to local resorts and hotels, Skibowl and Mt. Hood Lodge and Resort, and restaurants and businesses. GC also provides water service to a seasonal residential population and a permanent local population that is estimated to be between 190 and 260 people.

GC's proposed tariff change letter states:

*The purpose of the filing is two-fold. First, the filing proposes to clarify the Utility's Main Line Extension Policy expressed within Rule 10 and include a charge for main line extensions, at cost, within Schedule 5, Miscellaneous Service Charges. The proposed main line extension charge will be applicable to customers requesting a main line extension only. The proposed charge will not affect customer rates generally.*

*Next, the filing proposes to clarify the Utility's policies and customer obligations within its Cross Connection/Backflow Prevention Program expressed in Rule 41. The purpose of the proposed changes is to more closely align with Rule 41 with the Utility's adopted policies and the Oregon Health Authority regulations. Amendments to Rule 41 will not affect customer rates generally.*

#### *Staff's Analysis of the Proposed Tariff Changes*

Staff compared the four proposed tariff changes to the requirements set forth by the relevant rule or law.

1. *Addition of a 'Main Line Extension (Rule No. 10) At cost' to Schedule No. 5 - the Miscellaneous Service Charges section of GC's tariffs.*

As the charge is 'at cost' there is no profit to GC and the tariff will affect only those customers requesting a main line extension, Staff finds this to be a reasonable pass through fee similar to other connection and service fees in numerous water utility tariffs. OAR 860-036-1310(2) allows the utility to charge a reasonable non-discriminatory extension charge if the policy is stated in the utility's tariffs. With the addition of this 'at cost' charge, GC is in compliance with this rule.

2. *Change to GC's Rule 10: Main Line Extension Policy (OAR 860-036-1310).*

Section 1310(3)(a)-(c) requires that the utility list all applicable charges, describe the advance and refund provisions, and provide the time period during which the advance and rebate provisions apply. GC's revision of Rule No. 10 directly addresses each of the above requirements by stating:

*"Each new customer requesting a main line extension shall advance the Utility the cost-based amount necessary to extend the main line to provide the service requested.*

*For a period of 7 years after construction of the requested main line extension, the Utility shall also collect from any additional applicants who connect to the main line extension an amount per foot equal to the new applicant's proportionate share of the main line extension cost for that portion used. The Utility will then refund the share differential amount to those customers who previously shared the cost of said main line extension. Refunds shall not exceed the amount originally advanced."*

Staff reviewed the mainline extension policies of a number of other water utilities regulated by the Commission. While a specific time period was not listed for most of those utilities, Staff found four other water utilities that have Main Line Advances and Refunds policies that use 5 years as their time to allow for additional applicants to use a prorated cost for using an existing main line.<sup>1</sup> In this way, GC's proposed 7 year policy is comparably beneficial to customers because it allows for the possibility of reduced cost for an additional 2 (i.e., 7 versus 5) years.

Staff finds the revision to be reasonable and in compliance with the OAR 860-036-1310 requirements.

*3. Tariff Sheet 11A was added to keep the remaining tariff pages in sequence. Rule 11 and Rule 12 were moved from page 11 to page 11A.*

Staff did not identify anything objectionable in these "housekeeping" changes.

*4. Change to GC's Rule No. 41: Cross Connection/Backflow Prevention Program (OAR 860-036-1680).*

OAR 860-036-1680(2) requires a utility to include the rules for a Cross Connection Control Program in their tariffs or statement of rates.

The rules in OAR 333-061-0070 lay out the Oregon Health Authority requirements for water suppliers' cross connection control programs. The requirements include, among other things, specifics regarding a variety of items including the frequency of inspections of backflow prevention assemblies and the location of those assemblies. The intent of the rule is to provide utilities guidance on developing an effective cross connection control program and to set minimum requirements for such programs. OAR 333-061-0070(4).

GC replaced its prior, less specific wording in Rule 41 with the company's more precise definition of when it considers a customer to be required to install a cross connection or

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<sup>1</sup> Avion Water Company, Inc, DWF Round Lake Park & Utilities LLC, Cline Butte, Inc, Sunriver Water LLC

backflow prevention program. In addition, the proposed tariff update plainly states the customer's responsibility for testing and maintaining the protection system. Staff finds that GC's proposed Rule 41 is reasonable and consistent with the requirement in OAR 860-036-1680 to include such rules in the tariffs and will provide information that will aid customers in complying with the utility's cross connection control program. Consistent with the scope of this Commission's authority, Staff takes no position on whether the proposed tariff update reflects every requirement of the Oregon Health Authority for water suppliers' cross connection control program or reflect compliance with such rules. These latter determinations would instead fall under the authority of that agency.

### Conclusion

Staff finds that GC's proposed revisions to the tariffs are reasonable and non-discriminatory. The addition of an 'at cost' charge for a main line extension is reasonable and only impacts those who request it and the '7 year' period after construction is favorable to customers. The revisions to Rule 10 and Rule 41 both expand and clarify, making it easier for customers to understand their responsibilities toward compliance.

### **PROPOSED COMMISSION MOTION:**

Approve Government Camp Water Company's application for tariff revisions to go into effect for service rendered on and after July 17, 2019.