



Oregon

Kate Brown, Governor

Public Utility Commission

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July 16, 2019



BY EMAIL

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RE: Advice No. 19-1

At the public meeting on July 16, 2019, the Commission adopted Staff's recommendation in this matter docketed as ADV 982. The Staff Report and a receipted copy of the sheets in your advice filing are attached.

Nolan Moser

Chief Administrative Law Judge

Public Utility Commission of Oregon

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**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.¹ 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

¹ 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.

SCHEDULE NO. 5

MISCELLANEOUS SERVICE CHARGES

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

<u>Connection Charge for New Service</u> (Rule Nos. 8 & 9)	
Standard 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
<u>Main Line Extension</u> (Rule No. 10)	
At cost	
<u>Meter Test</u> (Rule Nos. 19 & 20)	
First test within 12-month period	N/C
Second test within 12-month period	At Cost
<u>Pressure Test</u> (Rule No. 39)	
First test within 12-month period	N/C
Second test within 12-month period	\$35 per hour
<u>Late-Payment Charge</u> (Rule No. 21)	Pursuant to OAR 860-036-1400
<u>Deposit for Service</u> (Rule No. 5)	Pursuant to OAR 860-036-1220
<u>Returned-Check Charge</u> (Rule No. 22)	\$35
<u>Trouble-Call Charge</u> (Rule No. 35)	
During normal or after office hours	\$55 per hour
Require Backhoe	\$110 per hour
<u>Disconnection/Reconnect Charge</u> (Rule Nos. 28 & 29)	
May through September	\$50
October through April	\$64 plus cost of snow removal
<u>Unauthorized Restoration of Service</u> (Rule No. 30)	Disconnection/Reconnection charge plus costs
<u>Damage/Tampering Charge</u> (Rule No. 28)	At cost
<u>Disconnect Site-Visit Charge</u> (Rule No. 29)	\$25

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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: Water Service Connections (OAR 860-036-1300)

The water service connection is defined as the facilities used to connect the Utility's distribution network to the point of connection at the customer's service line. The Utility owns, operates, maintains, and replaces the service connection when necessary and promptly repairs all breaks and leaks. The customer shall not be responsible for any damage or poor service due to inadequacy of the Utility's service lines or any portion of the Utility's plumbing.

Rule 9: Service Connection Charge (OAR 860-036-1300(3))

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

Rule 10: Main Line Extension Policy (OAR 860-036-1310)

A main line extension is defined as the extension of the Utility's main line necessary to provide service to a customer when the property does not currently have main line frontage.

Main line extension charges are stated in the Utility's tariff; Schedule 5, Miscellaneous Service Charges.

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.

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

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Rule 11: Types of Use

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

Rule 12: Multiple Residences/Commercial Users

An apartment building, mobile home park, motel, trailer camp, duplex, townhouse, or any property consisting of more than one residential/commercial unit, if served through a single service line and 3/4" or 5/8" meter, shall be considered to be equivalent to the number of dwelling units when determining the customer count.

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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 41: Cross Connection/Backflow Prevention Program (OAR 860-036-1680)

It is the Utility’s mission with this program to provide safe and clean water to its customers and protect the water quality from potential threats and health hazards from cross connection or backflow. The Utility’s Cross Connection/Backflow Prevention Program is stated in this tariff. Each service connection must be in accordance with Oregon’s Drinking Water Program requirements (OAR Chap. 333, Division 61).

The following must have a BACKFLOW PREVENTION ASSEMBLY (BPA) installed by the water meter and tested on the service line:

1. Any property for which water service is classified and billed as “Commercial” pursuant to the Utility’s tariffs,
2. Any property making use of a separately plumbed sprinkler system, hot tub, solar panels, dark room, fire suppression system, or boiler/hot water heating system, or use of water that otherwise renders the property as a premise requiring isolation as defined by State of Oregon drinking water regulations,
3. Any property for which the Utility’s personnel determine there exists a potential threat or health hazard, as defined by Oregon’s drinking water regulations.

All BPAs must pass the Utility’s inspection after installation, but before service is initiated. The Utility will not serve water to any property requiring a BPA, until such BPA has been installed and tested, and then inspected by the Utility. BPAs are to be installed as close as it is possible to the water meter.

The property owner is responsible to have the BPA annually tested and send a copy of the test report to the Utility’s office each year on or before December 31.

A customer that does not comply with the Utility’s rules and regulations regarding backflow cross connection prevention, will be disconnected according to Rule 28, Disconnection for Cause.

It is the responsibility of the property owner to contract with a plumber or other qualified individual to conduct the installation and testing in accordance with all applicable laws, rules and regulations. The Utility does not provide BPA installation or testing service.

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