

AFFILIATED INTEREST CONTRACT APPLICATION

Instructions: All applications submitted to the Commission must be filed electronically with the Commission's Filing Center. Documents may be electronically filed by sending the filing as an attachment to an electronic mail message addressed to the Commission's Filing Center at puc.filingcenter@state.or.us.

DATE: June 5, 2018

COMPANY NAME: Government Camp Water Company
ADDRESS: PO Box 86
CITY, STATE, ZIP: Government Camp, Oregon 97028-0067

RE: Government Camp Water Company Affiliated Interest Application with **Lesli Ann Bekins** pursuant to ORS 757.495 and OAR 860-036-2210

This affiliated interest application is submitted in the manner and form indicated by OAR 860-036-2210.

INFORMATION REQUIREMENTS

- (a) The applicant's exact name and the address of its principal business office;
(*Utility's exact name and address.*)

Government Camp Water Company
30294 East Blossom Trail
P.O. Box 86
Government Camp, Oregon 97028-0067

- (b) The name and address of the person authorized on the water utility's behalf, to receive notices, inquiries, and communications regarding the information;

Lesli Ann Bekins, Secretary
P.O. Box 86
Government Camp, Oregon 97028-0067

- (c) A statement describing the relationship between the water utility and the contracting entity as defined by ORS 757.015 and 757.490;

Lesli Ann Bekins is the Secretary and Owner of equitable title to Government Camp Water Company pending Public Utility Commission ("PUC") approval as required under ORS 757.480 and ORS 757.485. Lesli Ann Bekins has an affiliate interest with the Company pursuant to ORS 757.015(1) and (4).

- (d) The amount, kind, and ratio to total voting securities held, if applicable;

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Ms. Bekins holds equitable title to 100% ownership of Government Camp Water Company.

- (e) A list of all officers and directors of the affiliated interest who are also officers or directors of the applicant;

Not applicable, as Ms. Bekins is an individual.

- (f) The pecuniary interest, directly or indirectly, of any officer or director who is a party to the contract;

Effective upon completion of Rate Case No. UW 174, Ms. Bekins will assume the duties and responsibilities of President and Chief Executive Officer (“CEO”) of the Company and will receive an annual salary from Government Camp Water Company. The Company has petitioned for an annual salary in the amount of \$62,062 (including payroll tax).

- (g) A description of the goods or services to be provided, the cost incurred in providing each of the goods or services, the market value of the goods or services if different from the costs, and the method or methods proposed for pricing those goods or services;

As CEO, Ms. Bekins will plan, direct and coordinate the operations of the Company. Her extensive knowledge and experience gives Ms. Bekins the skills necessary to formulate and implement appropriate policies for the Utility. She will be solely responsible for the daily operations of the Company including resource management and long-term planning. Her negotiating skills and extensive experience will be vital in working with resort developers, the United States Forest Service, and customers in developing contracts and other agreements. She will be making all purchasing decisions, as well as hiring/firing and oversight of all vendors. Using her leadership skills, Ms. Bekins will arrange and direct meetings with her Certified Public Accountant (“CPA”), Bookkeeper, Legal Counsel and Operator. This will allow maximum efficiency and ensure that issues are thoroughly vetted by having all team members at the table together.

Specific CEO Duties:

- Prepare and Submit PUC Annual Fee statements
- Prepare and Submit PUC Annual Report C
- Prepare and Submit Clackamas County Tax Assessor’s Reports
- Prepare and Submit Reports to the United States Forest Service
- Prepare and Submit Annual Reports to Department Human Services
- Prepare and Submit Reports to the Oregon Health Authority drinking Water Program

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- Prepare and Submit Reports to the Oregon Association of Water Utilities
- Communicate with title companies concerning old and new resident water service when properties sell
- Process and issue checks for all accounts payable
- Develop plans, including timing and funding, for all capital improvements
- Determine and approve appropriate repairs and maintenance for proper water system operations
- Monitor, classify and record all repairs, maintenance, and capitalized expenditures
- Reconcile Company checking account monthly
- Reconcile Company money market account monthly
- Provide the Bookkeeper with financial data including statements and registers
- Field customer calls and emails
- Resolve customer issues
- Coordinate customer service calls with Bookkeeper or Operator as appropriate for resolution
- Perform Site visits with Operator on trouble calls to determine proper course of action
- Meet and give direction to Bookkeeper and CPA in preparation of tax filings
- Receive request for utility locates and coordinate with Operator
- Meet and give direction to Operator, Bookkeeper and CPA related to operational and financial issues
- Handle special use permits with United States Forest Service for the Company's lines that cross Forest Service land
- Transcribe and input meter readings taken by Operator's staff to spreadsheet for billing
- Collect consumption data and submit to Government Camp Sanitary District
- Review, and revise as necessary, all Company contracts
- Coordinate with Firwood Design Group - Engineers/Surveyors to provide computer-aided design data (ex. for USFS)
- Process all customer payments
- Consult with Legal Counsel on all legal and regulatory matters that arise and determine appropriate action
- Meet with prospective developers regarding future water needs
- Provide water feasibility report to county for new construction
- Generate Application for Water Service for new construction
- Develop plans for infrastructure necessary to meet the demands of future water needs
- Archive files at year end

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Salary

Ms. Bekins skills, duties, and responsibilities match those outlined in the General and Operations Manager category in the table below.

This table comes from the Occupational Employment Statistics section of the United States Department of Labor’s Bureau of Labor Statistics for Oregon - Portland, Vancouver, and Hillsboro area.

The table shows the annual salaries for the General and Operations Manager Category. Although her experience and knowledge would reasonably put her salary within the 50th and 75th percentile, Ms. Bekins’ proposed salary is actually below the 25-percentile. The Company’s proposal is to increase Ms. Bekins annual salary to \$62,062 (including payroll tax). This wage is appropriate considering her duties & responsibilities as CEO and owner of Government Camp Water Company along with her many years of experience in the water industry.

Department of Labor, Bureau of Labor Statistics
Occupational Employment Statistics

		MEAN ANNUAL WAGES	MEAN WAGE PER HOUR	25TH PERCENTILE	50TH PERCENTILE	75TH PERCENTILE	90 PERCENTILE	
Plan, direct, or coordinate the operations of public or private sector organizations. Duties and responsibilities include formulating policies, managing daily operations, and polanning the use of materials and human resources, but are too diverse and general in nature to be classified in only one functional area of management or administration, such as personnel, opurchasing, or administrative services. Excludes First Line Supervisors.	11-1021 General and Operations Managers	\$122,090	\$58.70	\$31.20	\$47.74	\$74.53	(5) see below	Hourly Wage
				\$64,890	\$99,310	\$155,020	(5) see below	Annual Wage

(h) An estimate of the amount the water utility will pay annually for the goods or services and the accounts in which it will record the charges;

Ms. Bekins’ annual salary of \$62,062 (including payroll taxes) would be recorded in account 603 – Salaries and Wages - Officers.

(i) The reasons, in detail, relied upon by the water utility for procuring the proposed goods or services from the affiliate and benefits, if any, utility customers and the general public will derive from the provision of goods or services,

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Ms. Bekins has a unique combination of education and experience, making her distinctively qualified to take over running Government Camp Water Company; she has years of on the job training, being mentored by and working with her mother, Maryanne Hill, the current President of the Company, in the water company. Even while involved in other pursuits, Ms. Bekins continued to assist her mother with the water business and currently holds the office of Company secretary. Ms. Bekins knows the many and varied facets of the water industry in general, and all aspects of operating Government Camp Water Company specifically.

Her experience and accomplishments with the Company include:

- Automating the billing and reporting process for the Company by designing a custom relational data base and accounts receivable billing and reporting system.
- As a programmer, customizing software for generating invoices quarterly to customers and entering payments.
- Customizing the software needed to generate quarterly and annual reports for the Company.
- Holding the position of the Company Corporate Secretary since 1980.
- Collecting and organizing historic data and answering questions for the PUC when the Company reached 500 customers and was required to file a rate case.
- Being responsible for all annual reporting to multiple agencies including United States Forest Service, Clackamas County, Oregon Health Authority Drinking Water Program, & Oregon Association of Water Utilities.

From 1987 to 1990, Ms. Bekins worked for ComputerLand in Newport Beach, CA, as a Corporate Sales Account Manager. She was responsible for major accounts including:

- The United States Navy at Long Beach
- First American Tile
- Qualcomm
- JPL Laboratories
- Northrup Aerospace

From 1990 to 1993 Ms. Bekins worked for Merisel Inc. in El Segundo, CA. She began as an Area Sales Manager for Orange County directing a sales team, calling on value added resellers and providing computer software & hardware systems. She was then promoted to District Sales Manager for the counties of Orange, San Diego, Riverside and Ventura. Ms. Bekins managed sales teams and defined quotas. She organized and led meetings, trained team leaders and evaluated staff performance.

Revised: 8/3/2017

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Ms. Bekins has an Associate Degree from Western Business College majoring in computer programming and accounting.

Government Camp Water Company's customers will greatly benefit from Ms. Bekins' management and oversight, including her unique knowledge and understanding of the water system learned from working side by side with her mother since she was a child to present day, her years as Corporate Secretary of the Company, and her extensive business skills and experience outside of the water business.

- (j) A description of the procurement process and the reasons, in pertinent detail appropriate to the complexity of the procurement, relied upon by the water utility for procuring the proposed goods or services without a competitive procurement process, if such a process is not used.

Government Camp Water Company performed a market study for procurement of the services to be performed by Ms. Bekins. The results of that study are included in the above answer and support the proposed annual salary of \$62,062.

- (k) Transfer prices in contracts or agreements for the procurement of goods or services under competitive procurement shall be presumed to be the market value, subject to evaluation of the procurement process;

Sub-item (k) is not applicable to this application.

ATTACHMENTS

- (l) A copy of the proposed contract or agreement between the water utility and the contracting entity; and

A copy of Ms. Bekins' proposed employment contract is provided with this Application.

- (m) Copies of all resolutions of directors authorizing the proposed transactions and, if stockholders' approval has been obtained, copies of the resolutions approved by the stockholders.

There are no responsive documents to Sub-item (m). The managing officers of Government Camp Water Company have authority to enter the transaction without Board or Shareholder approval.

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For the reasons set forth above, Government Camp Water Company respectfully requests that the Commission issue an order approving the affiliated interest contract between, Government Camp Water Company and Lesli Ann Bekins, pursuant to the provisions of ORS 757.495 and OAR 860-036-2210.

DATE: June 5, 2018

NAME OF COMPANY: Government Camp Water Company

DocuSigned by:
Lesli Ann Bekins
(SIGNATURE OF AUTHORIZED PERSON)

Lesli Ann Bekins
(PLEASE PRINT NAME)

Secretary
(TITLE)

PRESIDENT - CHIEF EXECUTIVE OFFICER EMPLOYMENT CONTRACT
GOVERNMENT CAMP WATER COMPANY

This agreement is made and effective as of _____ by and between Government Camp Water Company (the “Employer”) and Lesli Ann Bekins (“Executive”) and supersedes any prior employment-related agreement or agreements between the Employer and Executive. Unless the context otherwise requires, all references to a designated section refer to the designated provision of this Agreement.

Statement of Agreement:

FOR AND IN CONSIDERATION of the mutual promises and covenants set forth herein, the Employer and Executive hereby agree to the employment of Executive on the following terms and conditions and, except to the extent specifically superseded by this Agreement:

1. Position. Commencing as of a mutually agreed date, with such date to be conditioned upon approval of this Agreement under PUC Docket No. UI _____ (the “Effective Date”), Executive shall serve as the chief executive officer of the Employer with all authority and corresponding responsibility of a chief executive officer of a corporation under Oregon law, Employer’s articles of incorporation, regulations, and other governing documents.

2. Specific Authority and Responsibility. Not in limitation of the authority and responsibility of the position as described in section 1, Executive shall have overall authority and responsibility to hire, discharge, and determine the compensation and duties of employment of all personnel of the Employer. In addition as chief executive officer, Executive shall perform any special duties assigned or delegated to Executive by the Board of Directors (“Board”) and shall:

(a) Receive notice of and attend any meetings of the Board, its officers, and any duly authorized committee regarding all services rendered in connection with the operation of the Employer, employment of personnel, and acquisition and disposition of assets.

(b) Be responsible for supervising and implementing the Employer’s policies and operating programs, budgets, procedures, and directions established or changed from time to time (collectively, the “Policies and Programs”) adopted by the Board.

(c) Direct the management and conduct of the operations of the Employer in the ordinary course of its business as a regulated water utility operating in the State of Oregon pursuant to the policies of the Employer.

(d) Direct all management and operations in accordance with the laws and regulations of the Oregon Public Utility Commission, Oregon Health Authority and any governmental agencies with jurisdiction to regulate Employer or the provision of water for human consumption in the State of Oregon.

3. Term. The term of employment shall continue until terminated by death of Executive or as follows by discharge or resignation:

(a) Discharge. By the Employer giving written notice of discharge which is received by Executive at least 30 days before the effective date of termination, provided that such discharge is approved by a majority vote of the Board; and provided further that if such discharge is claimed by the Employer to be for Cause (as defined herein), the notice of such discharge shall state such Cause, and in such event the effective date of termination may, if stated in the notice, be immediate upon giving the notice; and

(b) Resignation. By Executive giving written notice of resignation which is received by the Chairman or other person serving as chair of the Board of the Employer at least 120 days before the effective date of resignation; provided that if the resignation is claimed by Executive to be for Good Reason (as defined herein), the notice of such resignation shall state such Good Reason, and in such event the effective date of resignation may, if stated in the notice, be immediate upon giving the notice.

4. Base Salary. The Employer agrees to pay or cause to be paid to Executive for Executive's services during the term of this Agreement an annual base salary at the gross rate prior to all taxes and other withholdings of \$62,062. This base salary may be adjusted from time to time considering factors such as Executive's performance, compensation of similar executives of similarly sized and located companies in Oregon, and other pertinent factors ("Base Salary"). Any adjustment to Base Salary shall be conditional upon requisite approvals, if any, required from the Oregon Public Utility Commission.

5. Benefits. Executive shall be entitled to participate in all employee benefit plans, practices and programs maintained or hereinafter implemented by the Employer and made available to senior executives generally and as may be in effect from time to time. Not in limitation of the foregoing, Executive shall also be entitled to the following:

(a) Vacation. Executive shall be entitled to accrue and be paid for vacation (which may be taken at such times and in such increments as Executive may choose) on the same basis as other senior executives of the Employer. There shall be no carryover of unused vacation from any period to another period.

(b) Health Insurance. At the election of Executive, the Employer shall pay the full costs of health insurance covering Executive and Executive's family in accordance with whatever plan that the Employer maintains for its other employees during the term of this Agreement.

6. Severance Payments, Benefits and Liquidated Damages.

(a) General. If Executive's employment is terminated for any reason, including death, disability, discharge by the Employer, or resignation by Executive, Executive shall be entitled to receive and the Employer shall cause to be paid any earned but unpaid periodic payments of

Executive's then Base Salary plus payment for any accrued but unused vacation for the periods of Executive's service through the effective date of termination.

(b) Death; Discharge without Cause; or Resignation for Good Reason. If (a) Executive's employment is terminated by death, or (b) the Employer discharges Executive other than for Cause, or (c) Executive resigns pursuant to section 3 for Good Reason, Executive shall be entitled to, and the Employer shall cause, the following in addition to the payment provided by Section 6(a):

(1) Severance Pay. The Employer shall pay Executive severance pay equal to continuation of Executive's then Base Salary for a period of an additional three (3) months after the effective date of termination of employment.

(c) Dispute as to Existence of Cause or Good Reason. Any discharge claimed for Cause or resignation claimed for Good Reason shall be so stated in the notice thereof, and any dispute between the Employer and Executive as to the existence of Cause or Good Reason shall be resolved as provided in Section 7.

(d) Cause shall exist if Executive:

(1) Is convicted of, or pleads guilty or nolo contendere to, a felony or any act amounting to embezzlement, fraud, or theft or involving moral turpitude (whether or not against Employer or another employee);

(2) Is convicted of, or pleads guilty or nolo contendere to, in a court of competent jurisdiction, a felony resulting in death or substantial bodily or psychological harm to, or other act of moral turpitude harming, any person;

(3) Willfully causes the Employer other than pursuant to the advice of Employer legal counsel to violate a law which, in the opinion of Employer legal counsel, is reasonable grounds for civil or criminal penalties against the Employer or its Board;

(4) Willfully engages in conduct which constitutes a violation of the established written policies or procedures of the Employer regarding the conduct of its employees, including policies regarding sexual harassment of employees and use of illegal drugs or substances;

(5) Does not correct within 30 days after receipt of notice any act or omission that, in the opinion of Employer legal counsel, gives rise to a cause of action by the Employer or its Board personally against Executive to specifically enforce or restrain some action for purpose of avoiding some loss or damage, or to recover losses or damages, for an amount in excess of \$10,000;

(6) Fails within 30 days after receipt of notice to cure any violations of Executive's obligations under this Agreement.

(e) Good Reason shall exist in the absence of Cause if:

(1) Executive ceases to hold position and title of chief executive officer as contemplated by section 1 of this Agreement;

(2) There is any reduction in or a material delay in payment of Base Salary or material reduction in benefits from those required to be provided under this Agreement;

(3) Executive becomes disabled (to the extent that Executive cannot, with reasonable accommodation, effectively perform the requirements of Executive's position) and is unable to effectively exercise Executive's authority and perform Executive's responsibility under this Agreement;

(4) The Employer does not correct within 30 days after receipt of notice any act or omission that gives rise to a cause of action by Executive personally against the Employer to specifically enforce or restrain some action for purpose of avoiding some loss or damage, or to recover losses or damages, for an amount in excess of \$10,000.

7. Resolution of Disputes. Any disputes arising under or related to this Agreement or regarding the legal rights or obligations of any of the parties to this Agreement, including any dispute between the Employer and Executive as to the existence of Cause or Good Reason, shall be resolved as follows:

(a) Negotiation. The Employer and Executive shall attempt in good faith to resolve any such dispute promptly by negotiation. Either may give the other written notice of any dispute not resolved in the normal course of business, stating that party's position and designating a representative of that party to proceed with negotiations. Within 10 days after delivery of the notice, the receiving party shall submit to the other a written response, stating the responding party's position and designating a representative of the responding party to proceed with negotiations. Within 20 days after delivery of the disputing party's notice, the designated representative of each party to the dispute shall meet at a mutually acceptable time and place, and thereafter as often as they reasonably deem necessary, to attempt to resolve the dispute. All reasonable requests for information made by one party to the other will be honored.

(b) Arbitration. If any issues in dispute are not resolved by such negotiation (or if any party fails to participate in such negotiation), any party may, by written notice to the other, demand that the dispute be resolved by binding arbitration in Portland, Oregon before a single arbitrator pursuant to the national rules for the resolution of employment disputes of the American Arbitration Association ("AAA"). The arbitrator shall be instructed, and the parties shall cooperate, to complete the arbitration with a ruling, if possible, in writing on each issue in dispute within 120 days of the arbitrator's appointment by the AAA. The arbitrator shall have the power to award damages, equitable relief, reasonable attorney's fees and expenses, and the fees and expenses of the arbitrator and of the AAA, to any party consistent with Federal Rule of Civil Procedure 54(d) or successor Rule. The arbitrator's rulings and awards shall be final and binding upon the parties and judgment thereon may be entered in any court having competent

jurisdiction. Except as otherwise set forth in this Agreement, and unless otherwise awarded by the arbitrator, the Employer shall pay the fees and expenses of the arbitrator and of the AAA.

Miscellaneous

8. Representation as to Limitations. Executive represents and warrants that Executive is not under any contractual or legal restraint that prevents or prohibits Executive from entering into this Agreement or performing the duties and obligations described in this Agreement.

9. Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of the Employer, its successors and assigns and shall be binding upon Executive, Executive's administrators, executors, legatees, heirs, and other legal representatives. The Employer shall require any successor or assign to expressly assume and agree to perform this Agreement in the same manner and to the same extent that the Employer would be required to perform it if no such succession or assignment had taken place. Except to the extent the context otherwise requires, the term the "Employer" as used herein shall include any such successors and assigns to the Employer's operations or assets. Neither this Agreement nor any right or interest hereunder shall be assignable or transferable by Executive, Executive's administrators, executors, legatees, heirs, and other legal representatives, except by will or by the laws of descent and distribution.

10. Notices. Any notice to be given to a person hereunder shall be given by United States first class mail or by personal delivery or by fax transmission (provided that within 24 hours a written copy of such transmission is deposited in United States certified mail or personally delivered), with return receipt by the addressee requested, and addressed, to the Employer, at its principal place of business and to Executive at Executive's address on the employment records of the Employer, or at such other address most recently designated by that person for this purpose

11. Amendment/Waiver. No amendment or waiver of any provision of this Agreement shall be implied by any failure of any party to enforce any remedy upon the violation of such provision, even if such violation is continued or repeated subsequently, and in no event shall any amendment or waiver of any provision of this Agreement be effective against any party hereto unless expressed in writing signed by that party. No express waiver shall affect any provision other than the one specified in such waiver, and that only for the time and in the manner specifically stated.

12. Construction. As used in this Agreement, the singular shall include the plural and any gender shall include all genders as the context requires. Unless the context otherwise requires, use of any form of the term "include" shall mean including without limitation; and use of the term "or" is not intended to be exclusive unless the context otherwise clearly requires.

13. Headings. The headings and captions are for convenience only and shall not be deemed to limit, construe, affect, or alter the meaning of the underlying provisions.

14. Severability. If any provision of this Agreement is or becomes invalid, illegal, or unenforceable in any jurisdiction for any reason, such invalidity, illegality, or unenforceability shall not affect the remainder of this Agreement, and the remainder of this Agreement shall be construed and enforced as if such invalid, illegal, or unenforceable portion were not contained herein.

15. Governing Law. This Agreement shall be construed and enforced under and in accordance with the laws of the State of Oregon without giving effect to the conflict of law principles thereof.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement effective as of the date first set forth above.

Government Camp Water Company

By: Maryanne Hill, President

Leslin Ann Bekins