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**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

UW 97

In the Matter of)	
)	
SHADOW WOOD WATER SERVICE,)	ORDER
)	
Application for a general rate increase in the)	
amount of \$11,843 or 48 percent.)	

DISPOSITION: STIPULATION ADOPTED; RATE INCREASE GRANTED

Background

Shadow Wood Water Service (SWWS or Company) provides domestic water service to 62 residential customers located in West Linn, Oregon. On February 2, 2004, SWWS filed tariff sheets in Advice No. 04-2 to be effective May 1, 2004. The advice filing requested an increase in revenues of \$11,843 to a total of \$36,326, or 48 percent above test year revenues of \$24,483. The proposed increase would raise the average residential monthly bill from \$31.84 per month to \$49.12. At a Public Meeting on February 17, 2004, the Commission suspended the Company's tariffs pending an investigation. See Order No. 04-088.

On March 11, 2004, a prehearing conference and informational open house was held in this matter in West Linn, Oregon. Representatives of SWWS and Staff of the Public Utility Commission of Oregon (Staff) were present. Numerous residential customers of SWWS also attended. An issues list and a procedural schedule for the docket were agreed to by the prehearing conference participants.

The Stipulation

A settlement conference was held on May 5, 2004, and settlement discussions were undertaken. These settlement discussions resulted in Staff and SWWS entering into a stipulation (the Stipulation). The parties stipulated to a revenue requirement, operating expenses, rate base, rate of return, monthly rates and certain service charges. On June 14, 2004, Staff filed the Stipulation as well as testimony and exhibits supporting the Stipulation. The Stipulation is attached as Appendix A and incorporated by reference.

Results of Operation

The Stipulation approves an increase in revenues for SWWS of \$3,953 to a total of \$28,436, or approximately 16 percent above test year revenues. This revenue requirement is based on a stipulated operating expense of \$18,413. The increase in revenues results in the opportunity for the Company to earn a rate of return of 9.6 percent on a rate base of \$56,497.

Staff's analysis determined that the stipulated increase in revenues is justified.¹ Staff made numerous adjustments to the Company's requested revenue requirement, both upward and downward. The largest adjustment was a downward adjustment of \$18,534 to plant in service for equipment fully depreciated or not in service. Staff also made significant adjustments, both downward and upward, to reflect actual documentation of expenses. Other significant adjustments were made downward to reflect the amortization of certain expenses, such as contractual services for engineering and legal expenses, over a five-year period.

Rates

The Company's flat monthly residential rate will increase from \$18.84 to \$25.25 for the base consumption of 3,000 gallons. An additional charge of \$5.40 will be imposed per 1,000 gallons consumed over the base usage. Staff concluded, based on customer consumption data provided by the Company, that the average monthly bill would be \$38.25. Certain service charges were also agreed to, as set forth in Schedule 2 on Attachment B, page 4 of 19, of the tariffs filed as part of the Stipulation.

Other Issues

In Order No. 98-105, we approved a stipulation settling the Company's last rate case proceeding (UW 57) that memorialized commitments by the Company to perform certain administrative functions in a timely manner. While investigating this docket, Staff discovered that SWWS had not completed certain functions. In the Stipulation, the Company recommits to performing these functions and will report to the Commission on the status of completing the projects on a quarterly basis, with the first report due on September 30, 2004.

Commission Disposition

The Commission examined the Stipulation and the entire record in this case, including Staff's supporting testimony. The Commission concludes that the Stipulation is a reasonable resolution of all pending issues in this docket. The rates established in the Stipulation are deemed just and reasonable. We conclude the Stipulation should be adopted in its entirety.

¹ Tables showing Staff's calculations and adjustments are set forth in Attachment A as part of the Stipulation.

ORDER

IT IS ORDERED that:

1. The Stipulation between Commission Staff and Shadow Wood Water Service, attached to this order as Appendix A, is adopted in its entirety.
2. Tariff sheets filed with the Commission on February 2, 2004, are permanently suspended.
3. Tariffs filed as part of the Stipulation shall be effective on August 1, 2004.

Made, entered, and effective _____.

Lee Beyer
Chairman

John Savage
Commissioner

Ray Baum
Commissioner

A party may request rehearing or reconsideration of this order pursuant to ORS 756.561. A request for rehearing or reconsideration must be filed with the Commission within 60 days of the date of service of this order. The request must comply with the requirements in OAR 860-014-0095. A copy of any such request must also be served on each party to the proceeding as provided by OAR 860-013-0070(2). A party may appeal this order to a court pursuant to applicable law

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

UW 97

In the Matter of Rate Schedules Filed)
by Shadow Wood Water Service for) STIPULATION
Water Service.)

Shadow Wood Water Service (SWWS or Company), appearing by and through its owner Melvin Olson, and the Public Utility Commission Staff (Staff) appearing by and through its attorney, Jason W. Jones, Assistant Attorney General, enter into this agreement in settlement of all issues between them.

1.

Staff's written testimony, exhibits, and tariff sheets will be received into evidence pursuant to this stipulation without requiring any party to lay a foundation for its admission.

2.

Staff and the Company (Parties) agree that SWWS will increase revenues by \$3,953, or approximately 16 percent, resulting in total revenues of \$28,436. The Parties also agree to total expenses in the amount of \$18,413, a rate base of \$56,497, and a 9.6 percent rate of return. Attachment A shows the stipulated revenue requirement.

3.

The Parties agree that the Company shall charge \$25.25 for a base consumption of 3,000 gallons plus an additional \$5.40 per 1,000 gallons above the base consumption as shown on Page 3 of Attachment B.

1 4.

2 The Parties agree to the Miscellaneous Service Charges and Rules and
3 Regulations as set forth in Schedule 2. (Attachment B, Page 4)

4 5.

5 The Company agrees to perform in a timely manner the following
6 projects recommended by the Clackamas County Public Health Division:

- 7 ○ Develop a written coliform sampling plan;
- 8 ○ Develop a current distribution system map;
- 9 ○ Provide access hatches to the reservoirs which are tight fitting,
10 lockable to protect the reservoir from dust and insects;
- 11 ○ Complete a plan review process for the reservoir installed in about
12 1993, with certification that the reservoir was installed according to
13 plans; and
- 14 ○ Implement a testing schedule and tracking method for all water
15 system tests.

16 The Company will report quarterly to the Commission on the status of
17 these projects. The first report is due September 30, 2004.

18 6.

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

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7.

The Parties recommend that the Commission adopt this stipulation in its entirety. The Parties have negotiated this stipulation as an integrated document. Accordingly, if the Commission rejects all or any material portion of this stipulation, each Party reserves the right, upon written notice to the Commission and all Parties to this proceeding within 15 days of the date of the Commission's order, to withdraw from the stipulation and request an opportunity for the presentation of additional evidence and argument.

The Parties understand that this stipulation is not binding on the Commission in ruling on this application and does not foreclose the Commission from addressing other issues.

Dated this _____ day of _____, 2004.

Respectfully submitted,

HARDY MYERS
Attorney General

JASON W. JONES # 00059
Assistant Attorney General
Of Attorneys for PUC Staff

Dated this _____ day of _____, 2004.

MELVIN OLSON, Owner
Shadow Wood Water Service

Shadow Wood Water System											
UW 97											
Test Year: 2003											
			Company Case 48.4%				Staff Case 16.1%				
Per Application											
	A	B	C	D	E	F	G	H	I		
	Balance Per	Proposed	Adjusted	Company	Proposed	Proposed	Adjusted	Staff	Proposed	Proposed	
	Application	Company	Results	Proposed	Results	Staff	Results	Proposed	Rev Changes	Results	
	Feb 2004	Adjustments	(A+B=C)	Rev Changes	(C+D=E)	Adjustments	(A+F=G)	Rev Changes	(G+H=I)		
REVENUES											
1	461.1 Residential Wtr Sales Rev	24,483	0	24,483	11,843	36,326	0	24,483	3,953	28,436	
2	461.2 Commer/Indust Wtr Rev		0	0	0	0	0	0	0	0	
3	465 Irrigation Wtr Sales Rev		0	0	0	0	0	0	0	0	
4	TOTAL REVENUE	24,483	0	24,483	11,843	36,326	0	24,483	3,953	28,436	
5											
6	OPERATING EXPENSES										
7	601 Salaries and Wages	0	0	0		0	0	0		0	
8	604 Employee Pension & Benefits	0	0	0		0	0	0		0	
9	611 Telephone/Communications	0	0	0		0	332	332		332	
10	615 Purchased Power Expense	1,515	50	1,565		1,565	125	1,640		1,640	
11	618 Chemical Expense	0	0	0		0	128	128		128	
12	619 Office Supplies Expense	300	15	315		315	15	315		315	
13	619.1 Postage	0	0	0		0	271	271		271	
14	620 O&M Materials/Supplies	5,831	500	6,331		6,331	(4,194)	1,637		1,637	
15	621 Repairs to Water Plant	0	0	0		0	1,968	1,968		1,968	
16	631 Contract Svcs - Engineering Exper	1,583	2,500	4,083		4,083	(998)	585		585	
17	632 Contract Svcs - Accounting Exper	45	0	45		45	0	45		45	
18	633 Contract Svcs - Legal	2,860	500	3,360		3,360	(2,238)	622		622	
19	634 Contract Svcs - Mgmt (Cert Opera	0	0	0		0	2,400	2,400		2,400	
20	635 Contract Svcs - Testing Expense	2,257	(1,500)	757		757	(1,136)	1,121		1,121	
21	636 Contract Svcs - Labor	10,301	1,000	11,301		11,301	(5,144)	5,157		5,157	
22	639 Contract Services - Bookkeeping	720	80	800		800	80	800		800	
23	642 Rental of Equipment	0	0	0		0	672	672		672	
24	650 Transportation Expense	0	0	0		0	0	0		0	
25	656 Vehicle Insurance Expense	0	0	0		0	0	0		0	
26	657 General Liability Insurance Expens	0	0	0		0	0	0		0	
27	659 Insurance - Other	150	0	150		150	0	150		150	
28	660 Public Relations/Advertising Exper	0	0	0		0	0	0		0	
29	666 Amortz. of Rate Case Expense	0	0	0		0	218	218		218	
30	667 Gross Revenue Fee	0	0	0		0	61	61	10	71	
31	671 Cross Connection Program Expens	35	0	35		35	0	35		35	
32	672 Capacity Development Expense	200	0	200		200	(200)	0		0	
33	673 Training and Certification Expense	0	0	0		0	0	0		0	
34	675 General Expense	1,645	100	1,745		1,745	-1,398	247		247	
35	TOTAL OPERATING EXPENSES	27,442	3,245	30,687		30,687	-9,038	18,404	10	18,413	
36											
37	403 Depreciation Expense	2,897	0	2,897		2,897	-284	2,613		2,613	
38	407 Amortization Expense	0	0	0		0	0	0		0	
39	408 Taxes Other Than Income Tax	5,932	(5,373)	559		559	(5,356)	576		576	
40	409.11 Oregon Income Tax	0	0	0		0	192	192	260	452	
41	410.10 Federal Income Tax	0	0	0		0	406	406	552	958	
42	TOTAL REVENUE DEDUCTIONS	36,271	(2,128)	34,143		34,143	(14,081)	22,190	823	23,012	
43	NET OPERATING INCOME	(11,788)	2,128	(9,660)	11,843	2,183	14,081	2,293	3,130	5,424	
44											
45	101 Utility Plant in Service	119,881	6,000	125,881		125,881	(18,534)	101,347		101,347	
46	Less:										
47	108.10 Depreciation Reserve	63,486	2,897	66,383		66,383	(17,102)	46,384		46,384	
48	Unamortized Retired Plant	0	0	0		0	0	0		0	
49	Net Utility Plant	56,395	3,103	59,498	0	59,498	(1,432)	54,963	0	54,963	
50	Plus: (working capital)										
51	151 Materials and Supplies Inventory	0	0	0		0	0	0		0	
52	Working Cash (1/12 Total Op Exp)	2,287	104	2,391		2,391	(753)	1,534	1	1,534	
53	TOTAL RATE BASE	58,682	3,207	61,889	0	61,889	2,186	56,496	1	56,497	
54	Rate of Return									9.60%	

Shadow Wood Water System
UW 97
PLANT & DEPRECIATION

ACCOUNT & ITEM	Date Acquired	Utility Plant Orig Cost	NARUC Asset Life	Annual Deprec	Pre 1985 Depr Exp	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	Accum Depr thru 2003	Remaining Plant 2003	Depr Exp 2004		
303 Land & Land Rights																													
Source of Supply Land		300																											
Other Land		600																											
Land		10,000																											
304 Structures & Improvements																													
Structures	1974	1,060	40	27	265	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27
Including Well	1996	12,780	40	320													160	320	320	320	320	320	320	320	320	320	320	320	320
311 Pumping Equipment																													
Pumping Equipment	1974	3,079	20	154	1,540	154	154	154	154	154	154	154	154	154	154	0	0	0	0	0	0	0	0	0	0	3,079	0	0	
Pump	1986	1,379	20	69	0	0	34	69	69	69	69	69	69	69	69	69	69	69	69	69	69	69	69	69	69	69	69	69	69
320 Water Treatment Equipment																													
Purification System	1974	512	20	26	256	26	26	26	26	26	26	26	26	26	26	0	0	0	0	0	0	0	0	0	0	512	0	0	
330 Distribution Reservoirs And Standpipes																													
Reservoirs and Standpipes	1974	6,920	30	231	2,307	231	231	231	231	231	231	231	231	231	231	231	231	231	231	231	231	231	231	231	231	231	231	231	231
Reservoir Improvements	1974	2,123	30	71	708	71	71	71	71	71	71	71	71	71	71	71	71	71	71	71	71	71	71	71	71	71	71	71	71
Reservoir Improvements	1986	388	30	13	0	0	6	13	13	13	13	13	13	13	13	13	13	13	13	13	13	13	13	13	13	13	13	13	13
New Reservoir	1994	33,000	30	1100												550	1100	1100	1100	1100	1100	1100	1100	1100	1100	1100	1100	1100	1100
331 Transmission & Distribution Mains																													
Water Mains and Canals	1974	18,720	50	374	3,744	374	374	374	374	374	374	374	374	374	374	374	374	374	374	374	374	374	374	374	374	374	374	374	374
333 Services																													
Services	1974	463	30	15	154	15	15	15	15	15	15	15	15	15	15	15	15	15	15	15	15	15	15	15	15	15	15	15	15
334 Meters and Meter Installation																													
Consumers' Meters	1974	8,620	20	431	4,310	431	431	431	431	431	431	431	431	431	431	0	0	0	0	0	0	0	0	0	0	8,620	0	0	
Meters	1986	209	20	10		5	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10
339 Miscellaneous Plant and Equipment																													
Other Structures	1974	13,405	35	383	3,830	383	383	383	383	383	383	383	383	383	383	383	383	383	383	383	383	383	383	383	383	383	383	383	383
348 Miscellaneous Equipment																													
General Equipment	1974	1,824	15	122	1,216	122	122	122	122	122	122	122	122	122	0	0	0	0	0	0	0	0	0	0	0	1,824	0	0	
TOTALS		115,382		3,345	18,329	1,833	1,879	1,925	1,925	1,804	1,804	1,804	1,804	2,354	2,293	2,453	2,613	2,613	2,613	2,613	2,613	2,613	2,613	2,613	2,613	60,419	44,063	2,613	

Original Plant In Service Cost 115,382
 Less Totally Depreciated Plant 14,035 *Removed totally depreciated pumping equipment, purification system, meters, and general equipment.*
 Total Current Plant in Service 101,347
 Less Accum Depreciation 46,384 *Removed accumulated depreciation for totally depreciated pumping equipment, purification system, meters, and general equipment.*
NET PLANT 54,963

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

NAMING RATES FOR

SHADOW WOOD WATER SYSTEM

(name of utility)

PO BOX 699

(address)

NEWBERG OR 97132

(city, state, & zip code)

(503) 544-8333 (FAX AND PHONE)

(telephone numbers and type)

Serving water in the vicinity of

WEST LINN, OREGON

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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	Unit of
5/8 or 3/4 inch	\$25.25	3,000	<input type="checkbox"/> cubic feet
			<input checked="" type="checkbox"/> gallons
1 inch	\$25.25	3,000	<input type="checkbox"/> cubic feet
			<input checked="" type="checkbox"/> gallons
1½ inches	NA		<input type="checkbox"/> cubic feet
			<input type="checkbox"/> gallons

Commodity Usage Rate

Commodity Rate	Per	Number of Units	Unit of Measure	Above	Base Usage Allowance	Unit of Measure
\$5.40	Per	1,000	<input type="checkbox"/> cubic feet	Above	3,000	<input type="checkbox"/> cubic feet
			<input checked="" type="checkbox"/> gallons			<input checked="" type="checkbox"/> gallons

(Sample: \$1.00 per 100 gallons above 3000 gallons)

Special Provisions:

1. These rates are based on continuous service. Discontinuation of service may not be employed to avoid monthly charges for service. See Rule No. 26, Voluntary Discontinuance.
2. Water used during the construction of buildings, etc., shall be metered. Charges shall be made at the rates specified in this schedule. When setting of a meter is impracticable, the amount of water used shall be estimated, and the charges shall be made at specified rates for the amounts so estimated.

SCHEDULE NO. 2**MISCELLANEOUS SERVICE CHARGES**

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

<u>Connection Charge for New Service</u> (Rule No. 9)	
Standard ¾-inch service	\$450.00
Nonstandard ¾ inch service	At cost
Larger than ¾-inch	\$450 (plus additional costs)
Irrigation hookup (if provided on separate system)	\$450
<u>Meter Test</u> (Rule No. 21)	
First test within 12-month period	N/C
Second test within 12-month period	\$20
<u>Pressure Test</u> (Rule No. 40)	
First test within 12-month period	N/C
Second test within 12-month period	\$20
<u>Late-Payment Charge</u> (Rule No. 22)	
Charged on amounts more than 30 days past due	Pursuant to OAR 860-036-0050 (Currently at 1 1/2 %)
<u>Returned-Check Charge</u> (Rule No. 23)	
	\$25 each occurrence
<u>Trouble-Call Charge</u> (Rule No. 36)	
During normal office hours	\$25 per hour
After normal office hours on special request	\$40 per hour
<u>Disconnection/Reconnect Charge</u> (Rule No. 28 & 29)	
During normal office hours	\$25
After normal office hours on special request	\$35
<u>Unauthorized Restoration of Service</u> (Rule No. 30)	
	Reconnection charge plus costs
<u>Damage/Tampering Charge</u> (Rule No. 34)	
	At cost
<u>Disconnect-Visit Charge</u> (Rule No. 29)	
	\$20

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

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.

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

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

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

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

Rule 6: Customer Service Line

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

Rule 7: Separate Control of Service

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

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

The utility shall furnish and install at its own expense all necessary trenching, pipe, valves, and fittings between its main line and the customer's service line. Such installation shall be designated as the service connection. The utility shall own, operate, maintain, and replace the service connection when necessary and promptly repair all

breaks and leaks. The customer shall not be responsible for any damage or poor service due to inadequacy of the service lines or any portion of the utility's plumbing.

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 2 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.

Rule 13: Multiple Residences

An apartment building, mobile home park, motel, trailer camp, duplex, townhouse, or any other property consisting of more than one residential unit, if served through one service line, shall be considered to be equivalent to the number of dwelling units when determining the customer count.

Rule 14: Utility Access to Private Property (OAR 860-036-0120(3)(b) and OAR 860-036-0205(3))

Customers shall provide access during reasonable hours to utility-owned service lines that extend onto the premises of the customer for the purposes of reading meters, maintenance, inspections, or removal of utility property at the time service is to be discontinued. Where the customer does not cooperate in providing reasonable access to the meter or to the premises, as required by law or to determine if a health or safety hazard exists, it is grounds for disconnection.

Rule 15: Restriction on Entering a Customer Residence (OAR 860-036-0085)

No water utility employee shall enter the residence of its customers without proper authorization except in an emergency when life or property is endangered.

REFUSAL OF SERVICE

Rule 16: Refusal of Service Due to Customer Accounts (OAR 860-036-0080(1-3))

The utility may refuse to serve an applicant until receipt of full payment of overdue amounts, or other obligations related to a prior account of the applicant with the utility, when the following circumstances exist:

- A. An overdue amount remains outstanding by a customer at the service address;
- B. The applicant resided at the service address indicated in (A) during the time the overdue charges were incurred; or

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

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

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

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, 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.

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.

BILLING

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

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

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

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

All water service bills shall show:

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

Rule 23: Returned-Check Charge

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

Rule 24: Prorating of Bills

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

Rule 25: Adjustment of Bills (860-036-0135)

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

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

DISCONNECTION OF WATER SERVICE

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

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

Rule 27: Emergency Disconnection (OAR 860-036-0215)

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

Rule 28: Disconnection of Water Service Charge for Cause (OAR 860-036-0205 and 0245)

When a customer fails to comply with the utility's rules and regulations, 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 nonemergencies on a Friday or the day of a state- or utility-recognized holiday or the day prior to such holiday. (OAR 860-036-0220)

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

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

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

Rule 29: Reconnection Charge and Disconnection Visit Charge (OAR 860-036-0080 and 0245(7))

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

Rule 30: Unauthorized Restoration of Service

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

Rule 31: Unauthorized Use

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

Rule 32: Interruption of Service (OAR 860-036-0075)

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

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

Rule 33: Water Supply/Usage Restrictions (OAR 860-036-0325)

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

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

Rule 34: Damages/Tampering

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

SERVICE QUALITY

Rule 35: System Maintenance (OAR 860-036-0305)

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

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

Rule 36: Trouble Call

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

Rule 37: Water Purity (OAR 860-036-0310)

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

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

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

Rule 38: Water Pressure (OAR 860-036-0315)

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

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

Rule 39: Pressure Surveys (OAR 860-036-0320)

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

Rule 40: Customer-Requested Pressure Test (OAR 860-036-0320)

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

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

Rule 41: Maps/Records (OAR 860-036-0335)

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

Rule 42: Utility Line Location (One Call Program) (OAR 860-036-0345)

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

Rule 43: Cross Connection/Backflow Prevention Program

Insert the utility's cross connection/backflow prevention program as required by law.

ALL CROSS CONNECTION AND BACKFLOW DEVICES ALONG WITH ANY OTHER DEVICES OR MATERIALS RELATED TO CROSS CONNECTION ARE INSTALLED BY HILAND WATER CORP. AS NEEDED. TESTING FOR ALL OF THE PREVIOUSLY MENTIONED ITEMS ARE ALSO TESTED BY A CERTIFIED INDIVIDUAL AS NEEDED.