

BEFORE THE PUBLIC UTILITY COMMISSION

OF OREGON

UW 108

In the Matter of)	
)	
AGATE WATER COMPANY)	ORDER
)	
Requests a general rate increase in the)	
Company's revenues in the amount of)	
\$335,708, or 77.8 percent.)	

DISPOSITION: STIPULATION APPROVED; RATE INCREASE GRANTED

On March 7, 2005, Agate Water Company (Company) filed tariff sheets in Advice No. 05-22, to be effective April 8, 2005. Company requested an increase of \$335,708 (77.8 percent) in annual revenues, which would result in new total annual revenues of \$767,017. On April 5, 2005, the Public Utility Commission of Oregon (Commission) found good and sufficient cause to investigate the propriety and reasonableness of the tariff sheets pursuant to ORS 757.210 and 757.215. By Order No. 05-165, the Commission ordered the suspension of the tariff for six months, until October 7, 2005. By Order No. 05-1060, the tariff was again suspended through November 7, 2005.

On April 28, 2005, a public comment open house and prehearing conference were held in Bend, Oregon.

On August 8, 2005, Commission staff (Staff) filed a stipulation along with supporting testimony, addressing all issues in the docket. One of the intervenors, Mr. David Anderson, objected to the stipulation. The matter was set for hearing, pursuant to OAR 860-014-0085(5).

On September 14, 2005, a hearing was held in Bend, Oregon. The following appearances were entered:

Claude and Lynn Johnson, representing Company.

David Anderson, Intervenor, representing himself.

Lawrence Riser, Intervenor, representing himself.

Michael Weirich, Assistant Attorney General, representing Staff.

Stipulation

The stipulation is attached as Appendix A, and incorporated by reference. In the stipulation, Staff, Company, and three intervenors agreed that Company will increase its revenues by \$133,401, or 30.9 percent, resulting in total annual revenues of \$564,710, with a 3.25 percent rate of return on a rate base of \$3,272,593. According to the terms of the stipulation, the base rate for customers who previously paid a system development charge is \$23.55, while the base rate for customers who did not pay a system development charge is \$31.19. All customers have the three variable tiered rates, based on the amount of water used each month. These rates are \$.68 per 100 cubic feet (cf) for use up to 2,000 cf, \$1.75 per 100 cf for use from 2,001 to 4000 cubic feet, and \$2.04 per 100 cf for use above 4,000 cubic feet.

All parties, except for Mr. Anderson, signed the stipulation.

Based on the record in this proceeding, the Commission makes the following:

FINDINGS OF FACT AND CONCLUSIONS OF LAW

Company is a privately owned water company providing service to approximately 1,061 customers near Bend, Oregon.

Since 2000, Company has been engaged in the planning and construction of major capital improvements to its water system. First, Company submitted an application of need to the Drinking Water Program (DWP). DWP assessed the need for improvements, using criteria from the Environmental Protection Agency. Once DWP approved the application, Company submitted another application to the Oregon Economic and Community Development Department (Department) for financing through the Safe Drinking Water State Revolving Loan Fund (Fund). Department completed a separate review of the project, including a tour of Company's facilities. Department then granted Company's application by providing a low interest loan of approximately \$3.6 million from Fund. Department is responsible to monitor Company's project until completion. In order to have \$250,000 of the loan forgiven, Company must complete the project by November 2005.

Staff did not perform any independent review of the need for the project, but based its prudence recommendation on the reviews performed by DWP and Department. Staff determined that the expenses for the capital improvements were prudent.

Complaints about Company have been made over the years, most of which have been about rate increases. In 2005, there were six complaints regarding debris due to construction work, office hours, water pressure (two complaints), service interruptions without notice, and system development charges. The construction debris and property damage matters should be resolved when construction is completed in November 2005. Company's office hours have been established (*See* Staff/1, Miller 14). The low water pressure problems should be alleviated by the completion of the capital improvements. Company is required by administrative rule to make all reasonable efforts to prevent service interruptions, particularly when work is scheduled that requires such interruption. OAR 860-036-0075. Finally, the proposed rates have been designed so that customers who paid system development charges will recoup their investment in 30 years, which is the average life of the utility plant.

Intervenor Issues

Mr. Anderson raised several issues regarding the stipulation. These issues include whether the expenses included in the proposed rates were prudently incurred, whether the new construction will resolve low water pressure problems, and whether the proposed rates for Company are comparable to other water utilities' rates.

First, Mr. Anderson questioned whether the capital improvements to Company's water system were necessary. This is a question of whether the costs were prudently incurred. When reviewing Company's decision, we look to whether the action taken was reasonable at the time it made its decision. "Prudence is determined by the reasonableness of the actions 'based on the information that was available (or could reasonably have been available) at the time.'" *In re PacifiCorp*, Docket Nos. UM 995/UE 121/UC 578, Order No. 02-469 at 4, citing *In re PGE*, UE 102, Order No. 99-033 at 36-37 (footnote omitted). In a prudence review, "we cannot let the luxury of hindsight allow us to second guess a utility's conduct." *In re PGE*, Docket No. UE 139, Order No. 02-772 at 11. It is possible that a prudently made decision in the past might turn out to be "wrong" in the future. We cannot use hindsight, however, to judge the utility's decision.

Company had to obtain approval from two different agencies (DWP and Department) in order to obtain a low interest loan for the capital improvements. Once construction began, Company's progress was monitored by the Department. Staff utilized the expertise of DWP and Department in making its determination that the construction costs were reasonable. This is a reasonable action on behalf of Staff.

We note that the filed revenue requirement has been reduced by 46.9 percent. Numerous areas of Company's expenses were reduced, including material and supplies, repairs and maintenance, small tools, transportation, and workers' compensation insurance. Staff/2, Miller/1. Based on the review of construction costs, along with other

expenses, we find that the stipulation allows only prudently incurred expenses to be recovered in rates.

Mr. Anderson is also concerned about whether the new construction will resolve the water pressure problems. While we understand that this is one of the issues to be resolved by the new construction, we will not know for certain whether the pressure problems are resolved until after the improvements come on line in November 2005. Therefore, we direct Staff to check for and follow up on low water pressure complaints made to the Commission's Consumer Services Program. This check will occur quarterly, beginning January 2006, and continue until Company's next rate case.

Finally, Mr. Anderson is concerned that the rates proposed in the stipulation are not comparable to rates charged by other water companies. While we appreciate Mr. Anderson's attempt to determine whether rates are fair, just, and reasonable by looking at rates charged by other water companies, this is not the standard we are required to use. Rather, we establish the amount of revenue that Company is entitled to receive by determining certain elements for a specified test year: (1) the gross utility revenues; (2) the utility's reasonable operating expenses to provide utility service; (3) the rate base on which a return should be earned; and (4) the rate of return to be applied to the rate base to establish the return.¹ Once the revenue requirement is established, then we are able to set fair, just, and reasonable rates based on the amount and pattern of customer usage in the test year. This process necessitates that we look at each company's specific requirements rather than rates charged by other companies.

Upon review, the Commission concludes that the stipulation is an appropriate resolution of all issues, and that the rates established are fair, just, and reasonable. We adopt the stipulation in its entirety.

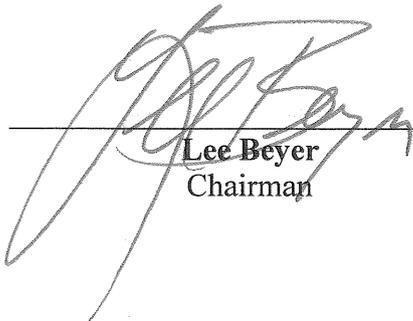
¹ See *Pacific Northwest Bell Tel. Co. v. Sabin*, 21 Or App 200, 205 n.4, rev den (1975).

ORDER

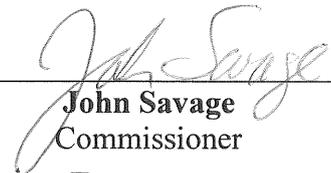
IT IS ORDERED that:

1. Advice No. 05-22 is permanently suspended.
2. The stipulation, attached as Appendix A, is adopted in its entirety.
3. The rates set out in the stipulation become effective upon the date of issuance of this order.

Made, entered, and effective OCT 13 2005.



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 108

In the Matter of the Revised)
Tariff Schedules Filed by Agate)
Water Company (General Rate) STIPULATION
Increase).)

Agate Water Company (Agate or Company), appearing by and through its owner, John Fred Schilling; intervenors Jack Gassaway, Stephanie Michelsen, Lawrence and Vera Riser (the three intervenors); 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. Intervenor No. 4, David Anderson, did not attend the settlement conference.

1.

The written testimony of Staff, which is attached hereto, will be received in evidence pursuant to this stipulation without requiring any Stipulating Party to lay a foundation for its admission.

2.

Staff, the three intervenors, and the Company agree that Agate will be allowed to increase total revenues by \$133,401 or 30.9 percent, resulting in total revenue of \$564,710. Attachment A shows the stipulated revenue requirement. Attachment B is the Company's tariff sheets PUC Oregon No. 2, which shows Agate's rates, rules, and regulations.

3.

Staff, the three intervenors, and the Company agree that the Company may charge rates according to the rate schedule set forth in tariff sheet designated PUC Oregon No. 2, Original Sheet No. 3, Schedule No. 1, Residential Metered Rates for Customers Who Paid a System Development Charge (SDC) prior to PUC regulation.

ORDER NO. 05-1087

1
2 Staff, the three intervenors, and the Company agree that the Company may charge rates
3 according to the rate schedule set forth in tariff sheet designated PUC Oregon No. 2, Original
4 Sheet No. 4, Schedule No. 2, Residential Metered Rates for Customers Who Did Not Pay a SDC.

5
6 Staff, the three intervenors, and the Company agree that the Company may charge
7 Miscellaneous Service Charges according to the rate schedule set forth in tariff sheet designated
8 PUC Oregon No. 2, Original Sheet No. 5, Schedule No. 3, Miscellaneous Service Charges.

9
10 By entering into this stipulation, no party shall be deemed to have approved, accepted, or
11 consented to the facts, principles methods, or theories employed by any other party in arriving at
12 the agreed revenue requirement and rate spread and design.

13
14 The parties recommend that the Commission adopt this stipulation in its entirety. The
15 parties have negotiated this stipulation as an integrated document. Accordingly, if the
16 Commission rejects all or any material portion of this stipulation, each party reserves the right,
17 upon written notice to the Commission and all parties to this proceeding within 15 days of the
18 date of the Commission's order, to withdraw from the stipulation and request an opportunity for
19 the presentation of additional evidence and argument.

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ORDER NO. 05-1087

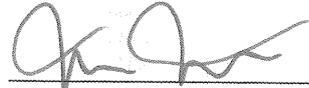
8.

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 8th day of July 2005.

Respectfully submitted,

HARDY MYERS
Attorney General



Jason W. Jones, # 00059
Assistant Attorney General
Of Attorneys for PUC Staff

DATED this 1 day of August, 2005.



John Fred Schilling
Agate Water Company

	A	B	C	D	E	F	G	H	I
WATER	Balance Per Application	Proposed Company Adjustments	Adjusted Results (A+B=C)	Company Proposed Rev Changes	Proposed Results (C+D=E)	Proposed Staff Adjustments to Test Period	Adjusted Results (A+F=G)	Staff Proposed Rev Changes	Proposed Results (G+H=I)
1 Residential Wtr Sales Rev	431,309			335,708	767,017	1,466	432,775	131,935	564,710
2 Commer/Indust Wtr Rev	0	0	0	0	0	0	0		0
3 Irrigation Wtr Sales Rev	0	0	0	0	0	0	0		0
4 TOTAL REVENUE	431,309	0	0	335,708	767,017	1,466	432,775	131,935	564,710
5									
6 <u>Operating Expenses</u>									
7 Salaries & Wages	105,314	55,680	160,994		160,994	83,686	189,000		189,000
8 Salaries/Wages Officers	38,899	0	38,899		38,899	1,945	40,844		40,844
9 Communications	5,692	1,000	6,692		6,692	(1,647)	4,045		4,045
10 Purchased Power	49,564	9,800	59,364		59,364	(1,834)	47,730		47,730
11 Chemicals	0	0	0		0	0	0		0
12 Office Supplies	11,500	3,000	14,500		14,500	(4,691)	6,809		6,809
13 O&M Materials & Supplies	35,061	7,000	42,061		42,061	(24,032)	11,029		11,029
14 Repairs & Maintenance	10,194	77,534	87,728		87,728	(9,086)	1,108		1,108
15 Contract Serv - Engineering	3,494	2,000	5,494		5,494	(2,190)	1,304		1,304
16 Contract Service - Accounting	2,500	0	2,500		2,500	120	2,620		2,620
17 Contract Service - Legal	651	1,000	1,651		1,651	(551)	100		100
18 Contract Service - Testing	2,273	9,790	12,063		12,063	7,252	9,525		9,525
19 Contract Service - Labor	3,406	0	3,406		3,406	(1,406)	2,000		2,000
20 Rental of Building/Property	15,600	0	15,600		15,600	(3,600)	12,000		12,000
21 Small Tools	8,768	2,000	10,768		10,768	(8,168)	600		600
22 Computer/Electronics	671	3,000	3,671		3,671	(71)	600		600
23 Transportation	23,558	0	23,558		23,558	(8,011)	15,547		15,547
24 Insurance - Vehicle	3,927	0	3,927		3,927	0	3,927		3,927
25 Insurance - General Liability	2,149	0	2,149		2,149	795	2,944		2,944
26 Insurance - Wkman Comp	2,942	0	2,942		2,942	(2,420)	522		522
27 Reg Commission	1,079	0	1,079		1,079	(1)	1,078	330	1,408
28 Bad Debt Expense	2,000	500	2,500		2,500	0	2,000		2,000
29 Cross Connection Control	1,282	1,282	2,564		2,564	(912)	370		370
30 Training/Certification Expense	2,260	1,000	3,260		3,260	(883)	1,377		1,377
31 Consumer Confidence Rept Exp	400		400		400	32	432		432
32 Miscellaneous Exp	1,885	19,464	21,349		21,349	(794)	1,091		1,091
33 TOTAL OPERATING EXPENSE	335,069	194,050	529,119	0	529,119	23,533	358,602	330	358,932
34						23,533	358,602		
35 Depreciation Expense	42,794	7,000	49,794		49,794	3,535	46,329		46,329
36 Amortization Expense			0		0	0	0		0
37 Property/Payroll Tax	26,497		26,497	0	26,497	5,354	31,851		31,851
38 Oregon Income Tax	16,303		16,303		16,303	(18,188)	(1,885)	8,686	6,801
39 Federal Income Tax	53,465		53,465	0	53,465	(57,465)	(4,000)	18,438	14,438
40 TOTAL REVENUE DEDUCTION	474,128	201,050	675,178	0	675,178	(43,231)	430,897	27,454	458,351
41 NET OPERATING INCOME	(42,819)	(201,050)	(675,178)	335,708	91,839	44,697	1,878	104,481	106,359
42						44,697	1,878	104,481	106,359
43 Utility Plant in Service	952,676	3,332,844	4,285,520		4,285,520	2,323,307	3,275,983		3,275,983
44 Less:									
45 Depreciation Reserve	346,176	0	346,176		346,176	(277,815)	68,361		68,361
46 Contributions in Aid of Const	0	0	0		0	0	0		0
47 Unamortized Retired Plant	0	0	0		0	0	0		0
48 Amortization of CIAC	0	0	0		0	0	0		0
49 Net Utility Plant	606,500	3,332,844	3,939,344	0	3,939,344	2,601,121	3,207,621	0	3,207,621
50 Plus: (working capital)						2,601,121			
51 Materials and Supplies Inventory	35,061	10,000	45,061		45,061	0	35,061		35,061
52 Working Cash (1/12 Total Op E	27,922	16,171	44,093		44,093	1,962	29,884	27	29,911
53 TOTAL RATE BASE	669,483	3,359,015	4,028,498	0	4,028,498	2,603,083	3,272,566	27	3,272,593
54									
55 Rate of Return	-6.40%		-16.76%		2.28%		0.06%		3.25%

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8.

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 31 day of July 2005.

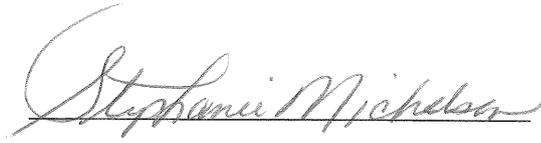


Jack Gassaway

8.

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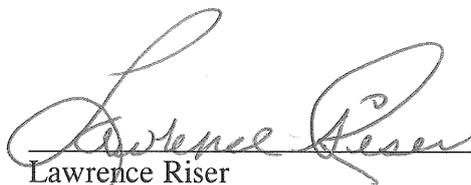
DATED this 31st day of July 2005.


Stephanie Michelsen

8.

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.

8/1/05
DATED this ____ day of July 2005.


Lawrence Riser

8/1/05
DATED this ____ day of July 2005.


Vera Riser

8.

ORDER NO. 05-1087

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

3
4
5 DATED this 5 day of ^{Aug.} ~~July~~ 2005.

*I have read and understand
I do not approve response sent.*



David Anderson

Company Case 77.83%
 Per Application

Staff Case 30.9%

	A	B	C	D	E	F	G	H	I
WATER	Balance Per Application	Proposed Company Adjustments	Adjusted Results (A+B=C)	Company Proposed Rev Changes	Proposed Results (C+D=E)	Proposed Staff Adjustments to Test Period	Adjusted Results (A+F=G)	Staff Proposed Rev Changes	Proposed Results (G+H=I)
Revenues									
1 Residential Wtr Sales Rev	431,309			335,708	767,017	1,466	432,775	131,935	564,710
2 Commer/Indust Wtr Rev	0	0	0	0	0	0	0		0
3 Irrigation Wtr Sales Rev	0	0	0	0	0	0	0		0
4 TOTAL REVENUE	431,309	0	0	335,708	767,017	1,466	432,775	131,935	564,710
Operating Expenses									
7 Salaries & Wages	105,314	55,680	160,994		160,994	83,686	189,000		189,000
8 Salaries/Wages Officers	38,899	0	38,899		38,899	1,945	40,844		40,844
9 Communications	5,692	1,000	6,692		6,692	(1,647)	4,045		4,045
10 Purchased Power	49,564	9,800	59,364		59,364	(1,834)	47,730		47,730
11 Chemicals	0	0	0		0	0	0		0
12 Office Supplies	11,500	3,000	14,500		14,500	(4,691)	6,809		6,809
13 O&M Materials & Supplies	35,061	7,000	42,061		42,061	(24,032)	11,029		11,029
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16 Contract Service - Accounting	2,500	0	2,500		2,500	120	2,620		2,620
17 Contract Service - Legal	651	1,000	1,651		1,651	(551)	100		100
18 Contract Service - Testing	2,273	9,790	12,063		12,063	7,252	9,525		9,525
19 Contract Service - Labor	3,406	0	3,406		3,406	(1,406)	2,000		2,000
20 Rental of Building/Property	15,600	0	15,600		15,600	(3,600)	12,000		12,000
21 Small Tools	8,768	2,000	10,768		10,768	(8,168)	600		600
22 Computer/Electronics	671	3,000	3,671		3,671	(71)	600		600
23 Transportation	23,558	0	23,558		23,558	(8,011)	15,547		15,547
24 Insurance - Vehicle	3,927	0	3,927		3,927	0	3,927		3,927
25 Insurance - General Liability	2,149	0	2,149		2,149	795	2,944		2,944
26 Insurance - Wkman Comp	2,942	0	2,942		2,942	(2,420)	522		522
27 Reg Commission	1,079	0	1,079		1,079	(1)	1,078	330	1,408
28 Bad Debt Expense	2,000	500	2,500		2,500	0	2,000		2,000
29 Cross Connection Control	1,282	1,282	2,564		2,564	(912)	370		370
30 Training/Certification Expense	2,260	1,000	3,260		3,260	(883)	1,377		1,377
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33 TOTAL OPERATING EXPENSE	335,069	194,050	529,119	0	529,119	23,533	358,602	330	358,932
34						23,533	358,602		
35 Depreciation Expense	42,794	7,000	49,794		49,794	3,535	46,329		46,329
36 Amortization Expense			0		0	0	0		0
37 Property/Payroll Tax	26,497		26,497	0	26,497	5,354	31,851		31,851
38 Oregon Income Tax	16,303		16,303		16,303	(18,188)	(1,885)	8,686	6,801
39 Federal Income Tax	53,465		53,465	0	53,465	(57,465)	(4,000)	18,438	14,438
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43 Utility Plant in Service	952,676	3,332,844	4,285,520		4,285,520	2,323,307	3,275,983		3,275,983
44 Less:									
45 Depreciation Reserve	346,176	0	346,176		346,176	(277,815)	68,361		68,361
46 Contributions in Aid of Const	0	0	0		0	0	0		0
47 Unamortized Retired Plant	0	0	0		0	0	0		0
48 Amortization of CIAC	0	0	0		0	0	0		0
49 Net Utility Plant	606,500	3,332,844	3,939,344	0	3,939,344	2,601,121	3,207,621	0	3,207,621
50 Plus: (working capital)						2,601,121			
51 Materials and Supplies Inventory	35,061	10,000	45,061		45,061	0	35,061		35,061
52 Working Cash (1/12 Total Op E	27,922	16,171	44,093		44,093	1,962	29,884	27	29,911
53 TOTAL RATE BASE	669,483	3,359,015	4,028,498	0	4,028,498	2,603,083	3,272,566	27	3,272,593
54						2,603,083	3,272,566	27	3,272,593
55 Rate of Return	-6.40%		-16.76%		2.28%		0.06%		3.25%

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

NAMING RATES FOR

AGATE WATER COMPANY

**60107 MINNETONKA LANE
BEND, OREGON 97702**

541 382-2855

**SERVING WATER IN THE VICINITY OF
BEND, OREGON**

Issue Date		Effective Date	
Issued By	AGATE WATER COMPANY		
Signed By	FRED SCHILLING, OWNER		

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Issue Date		Effective Date	
Issued By	AGATE WATER COMPANY		
Signed By	FRED SCHILLING, OWNER		

SCHEDULE NO. 1

RESIDENTIAL METERED RATES

Customer Who Paid a System Development Charge

Available: To customers of the Utility at Bend, 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	\$23.55	none	<input checked="" type="checkbox"/> cubic feet

Commodity Usage Rate

	Commodity Rate	Number of Units	Unit of Measure		Tier Consumption	Unit of Measure
Tier 1	\$.68	Per 100	<input checked="" type="checkbox"/> cubic feet	Up to	2000	<input checked="" type="checkbox"/> cubic feet
Tier 2	\$1.75	Per 100	<input checked="" type="checkbox"/> cubic feet	From	2001 to 4000	<input checked="" type="checkbox"/> cubic feet
Tier 3	\$2.04	Per 100	<input checked="" type="checkbox"/> cubic feet	Above	4001 & above	<input checked="" type="checkbox"/> cubic feet

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.

Issue Date		Effective Date	
Issued By	AGATE WATER COMPANY		
Signed By	FRED SCHILLING, OWNER		

SCHEDULE NO. 2

RESIDENTIAL METERED RATES

Customer Who DID NOT Pay a System Development Charge

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

Applicable: To residential premises.

Base Rate

Service Meter Size	Monthly Base Rate	Usage Allowance	Unit of Measure
5/8 or 3/4 inch	\$31.19	none	<input checked="" type="checkbox"/> cubic feet

Commodity Usage Rate

	Commodity Rate	Number of Units	Unit of Measure		Tier Consumption	Unit of Measure
Tier 1	\$.68	Per 100	<input checked="" type="checkbox"/> cubic feet	Up to	2000	<input checked="" type="checkbox"/> cubic feet
Tier 2	\$1.75	Per 100	<input checked="" type="checkbox"/> cubic feet	From	2001 to 4000	<input checked="" type="checkbox"/> cubic feet
Tier 3	\$2.04	Per 100	<input checked="" type="checkbox"/> cubic feet	Above	4001 & above	<input checked="" type="checkbox"/> cubic feet

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.

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SCHEDULE NO. 3

MISCELLANEOUS SERVICE CHARGES

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

<u>Connection Charge for New Service</u> (Rule No. 9)	
Standard 3/4-inch service	\$450.00
Nonstandard 3/4 inch service	At cost
Larger than 3/4-inch	\$450.00 (plus additional costs)
Irrigation hookup (if provided on separate system)	\$450.00
<u>Meter Test</u> (Rule No. 21)	
First test within 12-month period	N/C
Second test within 12-month period	\$20.00
<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 860-036-0130 (as of 1/1/05 – 1.7%)
<u>Deposit for Service</u> (Rule No. 5)	
Pursuant to OAR 860-036-0040(2)	Pursuant to OAR 860-036-0050 (as of 1/1/05 – 2%)
<u>Returned-Check Charge</u> (Rule No. 23)	
	\$20
<u>Trouble-Call Charge</u> (Rule No. 36)	
During normal office hours	\$25/hr
After normal office hours on special request	\$35/hr
<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

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RULES AND REGULATIONS

Rule 1: Jurisdiction of the Commission

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

Rule 2: Definitions

- A. **"Utility" shall mean AGATE WATER COMPANY.**
- 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.

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APPLICATION FOR SERVICE

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

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

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

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

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

An application for water service must be made where:

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

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)

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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.

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

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

Rule 11: Main Line Advances and Refunds Policy

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

For a period of two (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

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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;

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- C. Cost to the utility for additional capacity in order to provide the additional service; and
- D. Information regarding the appeal process of the utility's refusal to provide service is available through the Commission's dispute resolution process pursuant to OAR 860-036-0025.

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

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

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

METERS

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

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

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

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

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 if 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.

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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, OAR 860-036-0125 and OAR 860-036-0130)

Bills are due and payable when rendered by deposit in the mail or other reasonable means of delivery. As near as practical, meters shall be read 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

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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.

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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.

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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.

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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.

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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.

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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.

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For metered service, the pressure will be tested at a point adjacent to the meter on the customer's service line. For 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

Agate does not provide Backflow Prevention Device Services. Customer Notice:

Backflow Program
Agate Water Company

60107 Minnetonka Lane, Bend, Oregon 97702 541-382-2855

IMPORTANT INFORMATION

In 1994, Agate Water adopted a Cross Connection Control Program (BACKFLOW PREVENTION PROGRAM) as required by the State Drinking Water Program (DWP). A copy of which is included in Agate's tariffs filed with the PUC (Original Tariff Sheet No. 19, Rule 43).

It is our mission with this program to provide safe and clean water to our customers. To do this we eventually want all of Agate service connections to be equipped with a BACKFLOW PREVENTION ASSEMBLY (BPA).

The following listing of served properties must have a BPA installed by the water meter and tested on the domestic service line. In most cases, a Double Check Valve Assembly (DCVA) will suffice. If any special device is required, Agate Water will notify the property owner in writing.

1. Any new connection,

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2. Any property which is sold or transferred,
3. Any rental property that changes occupancy,
4. Any property on which any change in water use is made, i.e., new sprinkler system, hot tub, solar panels, dark room, etc., and
5. Any property on which Agate Water personnel detect a potential threat for the system.

What this means is that Agate Water cannot serve water to any property that has a new occupant until there is a BACKFLOW PREVENTION ASSEMBLY installed (using Agate's guidelines) on the domestic service line as close as it is practical to the water meter.

Agate Water may not install any Backflow Prevention Assemblies on the customer's service line unless it is a new hook-up. The property owner may hire a plumber or do the installation him/herself. A copy of the guidelines for small BPA'S is available at our office.

All Backflow Prevention Assemblies must pass Agate Water's inspection after installation. The property owner is responsible to have the Backflow Prevention Assembly tested and a copy of the test report sent to our office.

If you have any further questions, please call our office at 382-2855 to schedule an appointment with our certified inspector. (Agate is required by OAR 333-061-0070 to have a certified inspector). At that time, he will be able to answer any of your questions at no charge. Agate Water does not offer any backflow prevention assembly installations (except for new hook-ups), maintenance, repairs, or testing. Thank you for your cooperation regarding this matter.

With your help we are ensuring safe water!

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