

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

UW 113

In the Matter of)	
)	
METOLIUS MEADOWS PROPERTY)	
OWNERS ASSOCIATION)	ORDER
)	
Application requesting authorization to)	
establish rates resulting in total annual)	
revenues of \$67,600.)	

DISPOSITION: STIPULATION ADOPTED; RATE INCREASE APPROVED

Procedural History

On January 24, 2006, Metolius Meadows Property Owners Association (MMPOA or the Company) filed an application with the Public Utility Commission of Oregon (Commission) requesting authority to establish rates resulting in total annual revenues of \$67,600, or approximately 52.7 percent more than its test year (July 1, 2004 – June 30, 2005) revenues. MMPOA served notice of the proposed rate increase upon its customers as required by Oregon Administrative Rule 860-036-0620. The notice informed customers that the proposed rates would increase the average monthly residential bill from \$24.28 to \$37.00.

MMPOA is a homeowners' association located in Camp Sherman, Oregon. The water system consists of two wells, a 48,000-gallon, two-chambered storage reservoir, pump station, various pumps, and distribution pipe lines. The Company also owns all meters and backflow prevention devices. The water system serves 152 single family lots consisting of 141 single family lots within the Metolius Meadows subdivision and 11 adjacent single family lots that are not members of the association. The water system currently provides water service to 128 residential customers, including the system operator's house. Water is available at the street for the 25 undeveloped lots within the subdivision. In addition, MMPOA's water system serves common areas, a swimming pool and pool house, riding arenas (indoor and outdoor), and an office.

In October 2004, Commission Staff (Staff) learned that MMPOA was providing water service to 11 customers who are not members of the property owners association. As a result, the Commission opened an investigation, docketed as WJ 2, to determine the Commission's jurisdiction over MMPOA. In Order No. 05-150, entered March 25, 2005, the Commission concluded that MMPOA is a public utility subject to Commission jurisdiction pursuant to ORS 757.005 and ORS 757.061.

Under ORS 757.061, public water utilities serving fewer than 500 customers are exempt from Commission rate regulation unless 20 percent or more of customers file a petition requesting the utility be rate regulated and the company's average annual monthly residential rate exceeds the maximum rate established by the Commission. As a result of MMPOA's proposal to increase its residential base rate to \$29.50 in Spring 2005, over 20 percent of the customers filed petitions with the Commission requesting an investigation of the proposed rate increase. In Order No. 05-889 (WJ 6), entered August 3, 2005, the Commission concluded that, pursuant to ORS 757.005 and ORS 757.061, Metolius Meadows Property Owners Association is a financially regulated public utility subject to Commission jurisdiction. Order No. 05-889 also directed the Company to file appropriate tariffs with the Commission pursuant to ORS 757.205. The Company's current filing is its first rate case.

On February 21, 2006, the Commission entered Order No. 06-077, suspending the Company's tariffs for six months from the proposed effective date of April 1, 2006, pending investigation.

On March 16, 2006, the Commission conducted an open house and prehearing conference at the Community Hall in Camp Sherman, Oregon. A procedural schedule was adopted at the prehearing conference.

On June 15, 2006, a settlement conference was held in Camp Sherman in accordance with the procedural schedule. At the conference, MMPOA discovered that its method of calculating an average bill was materially different than the method utilized by the Commission.

On June 30, 2006, MMPOA sent a revised notice to its customers informing them that, under the Commission's methodology, the average monthly residential rate would increase to approximately \$41.50 rather than \$37.00, as stated in the previous notice. Among other things, customers were advised that they could submit a written request for hearing with the Commission if they objected to the new proposed rate.

On July 13, 2006, the presiding Administrative Law Judge granted a motion filed by Staff to revise the schedule to allow additional time for settlement discussions.

On July 18, 2006, a second settlement conference was held in Camp Sherman, Oregon.

On July 27, 2006, MMPOA and Staff filed a Stipulation, together with supporting testimony and exhibits. The Stipulation resolves all outstanding issues and is discussed below.

Stipulation

Under the terms of the Stipulation, MMPOA and Staff (the Parties) agree to a total revenue requirement of \$65,935, total revenue reductions of \$57,183, and a net operating income of \$8,752. The Parties also agree that the Company will be allowed to earn an 8.65 percent rate of return on Working Capital, Materials and Supplies Inventory, and an \$85,000 loan. The Parties agree that MMPOA will not earn a rate of return on Plant in Service and Accumulated Depreciation.

The Company agrees that the loan funds will be used solely for capital improvements to the water system. None of the loan monies will be used for any activities not directly related to provision of water service to MMPOA customers. Within 30 days of occurrence, the Company will provide Staff with a copy of the signed loan agreement, a recording of the deposit of funds, and a copy of the loan amortization schedule provided by the lending institution. In addition, MMPOA agrees that the revenues in the current rate case include a rate of return on the loan covering only the interest-only payments for the first two years. It is the obligation of the Company to determine whether to file for additional rate relief when funds are needed to begin making principal payments in the third year of the loan.

Under the Stipulation, residential and commercial rates will be as follows:

Residential Metered Rates

Base Rate

Service Meter Size	Monthly Base Rate	Usage Allowance	Unit of Measure
5/8 or 3/4 inch	N/A	N/A	cubic feet
1 inch	\$25.40	0	cubic feet
1 1/2 inches	N/A	N/A	cubic feet

Commodity Usage Rate

Commodity Rate	Per	Number of Units	Unit of Measure	Tiered Usage	Unit of Measure
\$.0928	Per	100	cubic feet	Up to 5,000 per year	cubic feet
\$1.5626	Per	100	cubic feet	Above 5,000 per year	cubic feet

Commercial Flat Rates

Service Meter Size	Monthly Flat Rate	Usage Allowance
5/8 or 3/4 inch	N/A	
1 inch	\$50.80	Unlimited
1 1/2 inches	N/A	
2 inches	N/A	
4 inches	N/A	

In addition, the Stipulation provides:

1. MMPOA, through the Property Owners Association (POA) Operational Assessment, will place \$10.35 per month (\$124.20 annually) into MMPOA's water system reserve account for each undeveloped lot;
2. MMPOA, through the POA Operational Assessment, will apply a 3 percent discount to POA Operational Assessment payments made within 30 days of billing;
3. In order to allow future commercial rates to be based upon consumption, MMPOA will install meters for all commercial customers within 90 days of the effective date of the Commission's final order in this docket. MMPOA will read the meters for the arena and equestrian facility on a monthly basis for one year from the date of installation. The Company will read the meter for the swimming pool on a monthly basis from May 2007 through October 2007;
4. Staff will conduct an audit of MMPOA's books within one year of the implementation of the stipulated rates; and
5. MMPOA and Staff propose that the stipulated tariffs take effect on August 15, 2006. In order to implement the tariffs on that date, the Company agrees to read meters for residential customers no later than August 14, 2006.

CONCLUSION

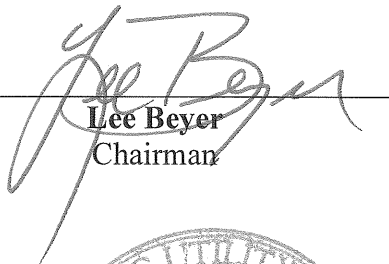
The Commission finds that the terms of the Stipulation are fair and reasonable. Accordingly, we find that the Stipulation should be approved in its entirety.

ORDER

IT IS ORDERED that:

1. The Stipulation attached to this order as Appendix A is adopted. Metolius Meadows Property Owners Association is authorized to increase revenues by 48.9 percent, resulting in total annual revenues of \$65,935.
2. Metolius Meadows Property Owners Association shall charge rates in accordance with the rate schedules set forth in Appendix A, Attachment B, of this Order.
3. The revised tariff schedules set forth in the Stipulation shall become effective August 15, 2006.
4. The tariffs filed by Metolius Meadows Property Owners Association on January 24, 2006, are permanently suspended.

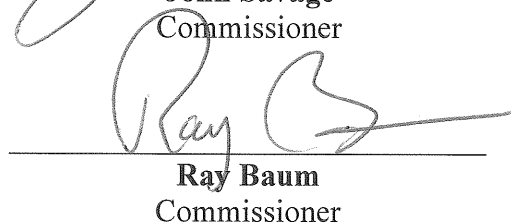
Made, entered, and effective AUG 07 2006



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 by filing a petition for review with the Court of Appeals in compliance with ORS 183.480-183.484.

BEFORE THE PUBLIC UTILITY COMMISSION
ORDER NO. 06-442
OF OREGON

UW 113

In the Matter of)
METOLIUS MEADOWS PROPERTY)
OWNERS ASSOCIATION'S) STIPULATION
Request for a General Rate Case.)
)

Metolius Meadows Property Owners Association, (MMPOA or Company),
appearing by and through its authorized representative, Kevin C. Adams, President
of MMPOA, and Public Utility Commission Staff (Staff) appearing by and through its
attorney, Stephanie S. Andrus, Assistant Attorney General, enter into this Stipulation
and resolution 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 to a total Revenue Requirement of
\$65,935, total Revenue Reductions of \$57,183, and a Net Operating Income of
\$8,752. The Parties also agree that the Company will be allowed to earn an
8.65 percent rate of return on Materials and Supplies Inventory, Working Capital,
and an \$85,000 loan. The Parties agree that the Company will not earn a rate of
return on Plant and Accumulated Depreciation.

1 Attachment A contains the stipulated revenue requirement. Tariff sheets, PUC
2 Oregon No. 1, Original Sheets No. 1 through 19, showing the Company's rates, rules,
3 and regulations are contained in Attachment B

4 3.

5 The Parties agree that the Company may charge residential rates according to
6 the rate schedule set forth in the tariff sheet designated PUC Oregon No. 1, Original
7 Sheet No. 3, Schedule No. 1.

8 4.

9 The Parties agree that the Company may charge commercial rates according
10 to the rate schedule set forth in the tariff sheet PUC Oregon No. 1, Original Sheet
11 No. 4, Schedule No. 2.

12 5.

13 The Parties agree that the Company may charge miscellaneous service
14 charges according to the rate schedule set forth in tariff sheet PUC Oregon No. 1,
15 Original Sheet No. 5, Schedule No. 3.

16 6.

17 Within 30 days of occurrence, the Company agrees to provide to Staff a copy
18 of the signed loan agreement and a recording of the deposit of funds.

19 7.

20 The Company agrees that the loan funds will be used solely for capital
21 improvements of the water system. None of the loan monies will be used for any
22 activity not directly related to provision of water service to MMPOA customers.

1 8.

2 Within 30 days of receipt, the Company agrees to provide to Staff a copy
3 of the loan amortization schedule that was provided to MMPOA by the lending
4 institution.

5 9.

6 The Company agrees that the revenues in the current rate case include a rate
7 of return on the loan to cover the interest-only payments for the first two years of the
8 loan. It is the Company's obligation to decide whether to apply to the Commission
9 for a rate increase when funds are needed to begin paying principal payments in the
10 third year of the loan.

11 10.

12 The Company agrees to bill residential customers annually; however, the
13 customers will have the option of paying annually, quarterly, or monthly.

14 11.

15 The Metolius Meadows Homeowners Association, through the Property
16 Owners Association (POA) Operational Assessment, agrees that the \$10.35 per
17 month (\$124.20 annually) per undeveloped lot will be placed into MMPOA's water
18 system reserve account.

19 12.

20 The Metolius Meadows Homeowners Association, through the Property
21 Owners Association Operational Assessment, agrees that a 3 percent discount will
22 be applied to POA Operational Assessment payments made within 30 days of billing.

1 13.

2 So that future commercial rates can be based on consumption, the Company
3 agrees to install meters for all commercial customers within 90 days of the effective
4 date of the Commission's final order in this docket. The Company agrees to read
5 meters for the arena and the equestrian facility on a monthly basis for one year from
6 the date of installation. The Company agrees to read the swimming pool meter on a
7 monthly basis from May 2007 through October 2007.

8 14.

9 Staff agrees to conduct an audit of MMPOA's books within one year of the
10 implementation of the stipulated rates.

11 15.

12 The Parties agree to support an effective date of August 15, 2006, for the
13 stipulated tariffs.

14 16.

15 In order to implement the stipulated tariffs on August 15, 2006, the Company
16 agrees to read meters for residential customers no later than August 14, 2006.

17 17.

18 Staff and the Company acknowledge that this is the first proceeding in which
19 the Commission has established water rates for the Company, and that the facts,
20 information, and circumstances that formed the basis for the agreements in this
21 Stipulation may change in the future.

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18.

By entering into this Stipulation, no Party shall be deemed to have approved, accepted, or consented to the facts, principles methods, or theories employed by any other Party in arriving at the agreed revenue requirement and rate spread and design. In addition, no Party shall be deemed to have agreed that any paragraph of this Stipulation is appropriate for resolving issues in any other proceeding or establishes precedent for any other proceeding.

19.

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.

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20.

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

DATED this 25th day of July 2006.

Respectfully submitted,

HARDY MYERS
Attorney General

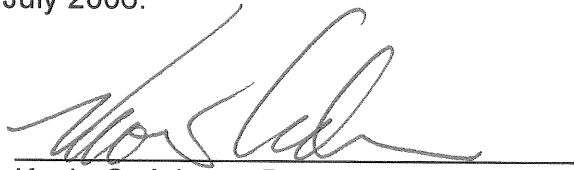


Stephanie S. Andrus, #92512
Assistant Attorney General
Of Attorneys for PUC Staff

20.

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

DATED this 24 day of July 2006.



Kevin C. Adams, President
Metolius Meadows Property Owners Association

Metolius Meadows
UW 113
Test Year: 2004-2006

Company Case
52.7%

Staff
48.9%

Actual Revenue Increase
21,644

Acct. No.	REVENUES	A	B	C	D	E	F	G	H	I
		Balance Per Application Test Year: 2004-2005	Proposed Company Adjustments	Adjusted Results (A+B=C)	Company Proposed Rev Changes	Proposed Results (C+D=E)	Proposed Staff Adjustments	Adjusted Results (A+F=G)	Staff Proposed Rev Changes	Proposed Results (G+H)
1	461.1 Res/Comm Water Sales	44,291		44,291	23,341	67,632	0	44,291	18,538	62,829
2	461.2 Commercial Water Sales			0		0	0	0	0	0
3	465 Irrigation - Non GC			0		0	0	0	0	0
4	462 Irrigation - GC			0		0	0	0	0	0
5	471 Misc. Revenues			0		0	0	0	0	0
6	POA Operational Assessment			0		0	2,189	2,189	916	3,105
7	TOTAL REVENUE	44,291	0	44,291	23,341	67,632	2,189	46,480	19,455	65,935
OPERATING EXPENSES										
10	601 Salaries and Wages - Employees	15,232	1,743	16,975		16,975	(1,049)	14,183		14,183
11	603 Salaries and Wages - Officers			0		0	0	0		0
12	604 Employee Pension & Benefits	488	0	488		488	(183)	305		305
13	610 Purchased Water			0		0	0	0		0
14	611 Telephone/Communications	351	49	400		400	69	420		420
15	615 Purchased Power	3,714	0	3,714		3,714	510	4,224		4,224
16	618 Chemical / Treatment Expense			0		0	0	0		0
17	619 Office Supplies	847	0	847		847	0	847		847
18	619.1 Postage	162	0	162		162	9	171		171
19	620 O&M Materials/Supplies			0		0	0	0		0
20	621 Repairs to Water Plant	1,279	4,000	5,279		5,279	1,952	3,231		3,231
21	631 Contract Svcs - Engineering	1,906	0	1,906		1,906	(953)	953		953
22	632 Contract Svcs - Accounting	2,280	0	2,280		2,280	0	2,280		2,280
23	633 Contract Svcs - Legal	5,035	2,965	8,000		8,000	(1,035)	4,000		4,000
24	634 Contract Svcs - Management Fees			0		0	0	0		0
25	635 Contract Svcs - Testing	5,599	0	5,599		5,599	(4,378)	1,221		1,221
26	636 Contract Svcs - Labor	4,212	0	4,212		4,212	0	4,212		4,212
27	637 Contract Svcs - Billing/Collection			0		0	0	0		0
28	638 Contract Svcs - Meter Reading			0		0	0	0		0
29	639 Contract Svcs - Other			0		0	0	0		0
30	641 Rental of Building/Real Property			0		0	0	0		0
31	642 Rental of Equipment			0		0	0	0		0
32	643 Small Tools			0		0	0	0		0
33	648 Computer/Electronic Expenses			0		0	0	0		0
34	650 Transportation			0		0	0	0		0
35	656 Vehicle Insurance	362	0	362		362	(88)	274		274
36	657 General Liability Insurance	2,122	0	2,122		2,122	(109)	2,013		2,013
37	658 Workers' Comp Insurance	558	0	558		558	(92)	466		466
38	659 Insurance - Other	404	0	404		404	(65)	339		339
39	660 Public Relations/Advertising			0		0	0	0		0
40	666 Amortz. of Rate Case			0		0	1,732	1,732		1,732
41	667 Gross Revenue Fee (PUC)			0		0	116	116	49	165
42	668 Water Resource Conservation			0		0	0	0		0
43	670 Bad Debt Expense			0		0	0	0		0
44	671 Cross Connection Control Program			0		0	3,640	3,640		3,640
45	Loan Fee	0	0	0		0	283	283		283
46	673 Training and Certification	915	0	915		915	(100)	815		815
48	675 General Expense	0	0	0		0	254	254		254
49	TOTAL OPERATING EXPENSE	45,466	8,757	54,223	0	54,223	514	45,980	49	46,029
OTHER REVENUE DEDUCTIONS										
50	403 Depreciation Expense	7,976	0	7,976		7,976	2,178	10,154		10,154
51	407 Amortization Expense			0		0	0	0	0	0
52	408.11 Property Tax			0		0	1,000	1,000		1,000
53	408.12 Payroll Tax			0		0	0	0		0
54	408.13 Other Taxes	615	385	1,000		1,000	(615)	0		0
55	409.11 Oregon Income Tax	0	0	0		0	0	0	0	0
56	409.10 Federal Income Tax	0	0	0		0	0	0	0	0
57	TOTAL REVENUE DEDUCTIONS	54,057	9,142	63,199	0	63,199	3,077	57,134	49	57,183
58	NET OPERATING INCOME	(9,766)	(9,142)	(18,908)	23,341	4,433	(888)	(10,654)	19,406	8,762
59	101 Utility Plant in Service	126,478	0	126,478		126,478	187,793	314,271		314,271
60	Less:									
61	108.1 Depreciation Reserve	91,036	7,976	99,012		99,012	32,291	123,327		123,327
62	271 Contributions in Aid of Const			0		0	0	0		0
63	272 Amortization of CIAC			0		0	0	0		0
64	281 Accumulated Deferred Income Tax			0		0	0	0		0
65	Net Utility Plant	35,442	(7,976)	27,466	0	27,466	155,502	190,944	0	190,944
66	Plus: (working capital)									
67	151 Materials and Supplies Inventory	12,350	0	12,350		12,350	0	12,350		12,350
68	Working Cash (Total Op Exp /12)	3,789	730	4,519		4,519	44	3,833	0	3,833
69	TOTAL RATE BASE	51,581	(7,246)	44,335	0	44,335	155,546	207,127	0	207,127
70	Rate of Return	-18.93%		-42.65%		10.00%		-5.14%		8.65%

Staff %
48.87%
Co%
52.70%

Depreciation Expense

8.65%*(65,000+12,350+3,833)

M&S Inventory
Working Capitol

85,000 On Loan amount,
12,350 M&S, and
3,833 Working Capital

Table of Contents

<u>Schedule No.</u>		<u>Page No.</u>
	Title Page	1
	Index	2
1	Residential Metered Rates	3
2	Commercial Flat Rates	4
3	Miscellaneous Charges	5
	Rules and Regulations	6

Issue Date		Effective Date	August 15, 2006
Issued By	Metolius Meadows Property Owners Association		
Signature			
Name & Title			

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

NAMING RATES FOR

Metolius Meadows Property Owners Association

(name of utility)

PO Box 120

(address)

Camp Sherman OR 97730

(city, state, & zip code)

541-595-0191

(telephone numbers and type)

Serving water in the vicinity of

Camp Sherman, Oregon

Issue Date		Effective Date	August 15, 2006
Issued By	Metolius Meadows Property Owners Association		
Signature			
Name & Title			

SCHEDULE NO. 1

RESIDENTIAL METERED RATES

Available: To customers of the water utility at Camp Sherman, 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	NA	NA	cubic feet
1 inch	\$25.40	0	cubic feet
1½ inches	NA	NA	cubic feet

Commodity Usage Rate

Commodity Rate	Per	Number of Units	Unit of Measure	Tiered Usage	Unit of Measure
\$0.928	Per	100	cubic feet	Up to 5,000 per year	cubic feet
\$1.526	Per	100	cubic feet	Above 5,000 per year	cubic feet

(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. 25, 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	August 15, 2006
Issued By	Metolius Meadows Property Owners Association		
Signature			
Name & Title			

SCHEDULE NO. 2

COMMERCIAL FLAT RATES

Available: To customers of the water utility at Camp Sherman, Oregon, and vicinity.

Applicable: To commercial premises.

Flat Rate

Service Meter Size	Monthly Flat Rate	Usage Allowance
5/8 inch or 3/4 inch	NA	
1 inch	\$50.80	Unlimited
1½ inches	NA	
2 inches	NA	
4 inches	NA	

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. 25, Voluntary Discontinuance.
2. Water used during the construction of buildings, etc., shall be metered when possible. Charges shall be made at the rates specified in Schedule No. 1, Residential Metered Rates. 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	August 15, 2006
Issued By	Metolius Meadows Property Owners Association		
Signature			
Name & Title			

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.

Connection Charge for New Service (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

Meter Test (Rule No. 20)

First test within 12-month period N/C
 Second test within 12-month period \$20.00

Pressure Test (Rule No. 39)

First test within 12-month period N/C
 Second test within 12-month period \$20.00

Late-Payment Charge (Rule No. 21)

Charged on amounts more than 30 days past due Pursuant to OAR 860-036-0130
 (as of 1/1/06 - 1.7%)

Deposit for Service (Rule No. 5)

Pursuant to OAR 860-036-0050
 (as of 1/1/06 - 4%)

Returned-Check Charge (Rule No. 22)

\$20.00 each occurrence

Trouble-Call Charge (Rule No. 35)

During normal office hours \$25.00 per hour
 After normal office hours on special request \$35.00 per hour

Disconnection/Reconnect Charge (Rule No. 25 & 28)

During normal office hours \$25.00
 After normal office hours on special request \$35.00

Unauthorized Restoration of Service (Rule No. 29)

Reconnection charge plus costs

Damage/Tampering Charge (Rule No. 33)

At cost

Disconnect-Visit Charge (Rule No. 28)

\$20.00

Issue Date		Effective Date	August 15, 2006
Issued By	Metolius Meadows Property Owners Association		
Signature			
Name & Title			

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 Metolius Meadows Property Owners Association.**
- B. "Applicant" shall mean any person, business, or organization that 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.

Issue Date		Effective Date	August 15, 2006
Issued By	Metolius Meadows Property Owners Association		
Signature			
Name & Title			

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.

Issue Date		Effective Date	August 15, 2006
Issued By	Metolius Meadows Property Owners Association		
Signature			
Name & Title			

Rule 5: Deposit for Service (OAR 860-036-0040 and OAR 860-036-0050)

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; however, pursuant to OAR 860-036-0055, a customer is entitled to a refund upon request.

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.

Issue Date		Effective Date	August 15, 2006
Issued By	Metolius Meadows Property Owners Association		
Signature			
Name & Title			

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 **five** 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.

Issue Date		Effective Date	August 15, 2006
Issued By	Metolius Meadows Property Owners Association		
Signature			
Name & Title			

Rule 12: Types of Use

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

Rule 13: 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 14: 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 15: 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; and
- 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.

Issue Date		Effective Date	August 15, 2006
Issued By	Metolius Meadows Property Owners Association		
Signature			
Name & Title			

Rule 16: 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 17: 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.

UTILITY METERS

Rule 18: 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.

Issue Date		Effective Date	August 15, 2006
Issued By	Metolius Meadows Property Owners Association		
Signature			
Name & Title			

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 19: 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 20: 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.

Issue Date		Effective Date	August 15, 2006
Issued By	Metolius Meadows Property Owners Association		
Signature			
Name & Title			

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 21: 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 within 30 days. (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 60 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 27, Disconnection of Water Service Charge for Cause.

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.

Issue Date		Effective Date	August 15, 2006
Issued By	Metolius Meadows Property Owners Association		
Signature			
Name & Title			

Rule 22 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 23: Prorating of Bills

Initial and final bills will be prorated according to the number of days service was rendered. 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 24: Adjustment of Bills (OAR 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.

Issue Date		Effective Date	August 15, 2006
Issued By	Metolius Meadows Property Owners Association		
Signature			
Name & Title			

DISCONNECTION OF WATER SERVICE

Rule 25: 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 26: 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 27: Disconnection of Water Service Charge for Cause (OAR 860-036-0205 and 860-036-0245)

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.

Issue Date		Effective Date	August 15, 2006
Issued By	Metolius Meadows Property Owners Association		
Signature			
Name & Title			

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 the utility 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 28: 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 29: 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 30: 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.

Issue Date		Effective Date	August 15, 2006
Issued By	Metolius Meadows Property Owners Association		
Signature			
Name & Title			

Rule 31: 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 32: 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 33: 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 34: 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.

Issue Date		Effective Date	August 15, 2006
Issued By	Metolius Meadows Property Owners Association		
Signature			
Name & Title			

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 35: 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 36: 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 37: 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 38: 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.

Issue Date		Effective Date	August 15, 2006
Issued By	Metolius Meadows Property Owners Association		
Signature			
Name & Title			

Rule 39: 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 40: 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 41: 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 42: Cross Connection/Backflow Prevention Program

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

The Utility owns, tests, and maintains all cross connection/backflow prevention devices. Customers are not charged for testing or maintenance.

Issue Date		Effective Date	August 15, 2006
Issued By	Metolius Meadows Property Owners Association		
Signature			
Name & Title			