

**BEFORE THE PUBLIC UTILITY COMMISSION  
OF OREGON**

UW 116

In the Matter of	)	
	)	
SEVENTH MOUNTAIN GOLF VILLAGE	)	
WATER COMPANY	)	ORDER
	)	
Request for a general rate increase in the	)	
amount of \$22,824, or 41.7 percent.	)	

DISPOSITION: STIPULATION ADOPTED; RATE INCREASE APPROVED

**Procedural History**

On April 11, 2006, Seventh Mountain Golf Village Water Company (SMGV or the Company) filed an application with the Public Utility Commission of Oregon (Commission) requesting an increase in revenues from \$54,718 to \$77,542, or 41.7 percent. SMGV also requests a 9.5 percent return on a rate base of \$123,257.

On May 15, 2006, the Commission entered Order No. 06-235, suspending the Company's tariffs for six months from the proposed effective date pending investigation.

On June 6, 2006, the Commission held an open house and prehearing conference at the Helm Center in Bend, Oregon. A procedural schedule was adopted at the prehearing conference. The intervenors in this case are Thomas J. Clifford, Robert J. Selder, Leo Mottau, and Charles Heinrich. All of the intervenors are members of the local homeowners association water committee.

On July 5, 2006, a settlement conference was held in Bend, Oregon, in accordance with the procedural schedule.

**Background**

a. **SMGV's Water System**. SMGV is an investor-owned water utility located in the vicinity of Bend, Oregon. The water system consists of one well; a 250,000-gallon, two-chambered storage reservoir; pump station; various pumps; and distribution pipe lines. The water system currently serves 165 residential customers and two commercial customers. SMGV's two commercial customers are the Club House and Pool area associated with Widgi Creek Golf Course (Widgi Creek). Until recently, the Company provided irrigation water to Widgi Creek Golf Course; however, due to the transfer of land and water rights associated with the land, Widgi Creek is no longer a customer of SMGV.

b. **SMGV and Widgi Creek**. Widgi Creek was previously partly owned by the owner of SMGV. However, in 2004, Widgi Creek filed for Chapter 7 Bankruptcy, and went into Receivership in March 2004. Widgi Creek was auctioned in December 2004 and purchased by a third party not affiliated with SMGV.

In 2005, Widgi Creek ascertained that it owned the irrigation, commercial, and pond water provided by SMGV. As a result, Widgi Creek notified SMGV that it would no longer pay for water that it owns. SMGV and Widgi Creek subsequently entered into a Reciprocal Easement Agreement (Agreement) allowing SMGV to draw all of its water for its operation from the well located on Widgi Creek's property. As part of the Agreement, Widgi Creek allows SMGV a permanent, non-exclusive easement to access, maintain, repair, replace, and use the water pump, well, and cisterns located on Widgi Creek property. The Agreement states that SMGV will maintain ownership of the electrical pump located in the well. Widgi Creek does not charge SMGV for use of the easement.

The Agreement further provides Widgi Creek with a permanent, non-exclusive easement to access, maintain, repair, replace, and use irrigation equipment owned by Widgi Creek and located on SMGV property. SMGV agrees not to charge Widgi Creek for use of the easement, and Widgi Creek agrees to continue paying its prorata share of utility operations and maintenance expenses applicable to the delivery of water so long as the delivery facilities are located on SMGV property. Also, Widgi Creek will continue to pay the commercial water rate for water delivered by SMGV's distribution system to Widgi Creek's Club House and Pool area.

**Stipulation**

On August 16, 2006, SMGV, Intervenors, and the Staff of the Commission (hereafter, the Parties) filed a Stipulation to resolve all outstanding issues in this proceeding. The parties agree to a total Revenue Requirement of \$46,160, total Revenue Reductions of \$8,558, and a Net Operating Income of \$6,698. The Parties also agree that the Company will have the opportunity to earn a 9.5 percent rate of return on

a total rate base of \$70,506. The stipulated Revenue Requirement is contained in Attachment A. Attachment B of the Stipulation contains SMGV’s tariff sheets - PUC Oregon No. 2, Original Sheet Nos. 1 through 20 - listing the Company’s rates, rules, and regulations.

In the Stipulation, the Parties propose that residential rates will be set at a flat rate of \$21.14 per month. The following table compares current, proposed, and stipulated residential rates:

<b>Residential Rate Design</b>	<b>Current Rates</b>	<b>SMGV Proposed Rates</b>	<b>Stipulated Rates</b>
Flat	\$16.00	\$38.22	\$21.14

The Parties to the Stipulation further propose that commercial rates be set at a flat rate of \$173 per month. The following table compares current, proposed, and stipulated commercial rates.

<b>Commercial Rate Design</b>	<b>Current Rates</b>	<b>SMGV Proposed Rates</b>	<b>Stipulated Rates</b>
Flat	\$130.17	\$193.85	\$173.00

As part of the Stipulation, SMGV agrees to:

- Work with the other stipulating Parties to develop a plan for the Company to assume ownership of all meters prior to meters being included in rate base. This plan will include a method to purchase meters from homeowners and contain a proper accounting of all meters demonstrating that the Company has ownership of all meters.
- Perform all Cistern repairs. The Company will properly and promptly inform Staff and customers of the status of any repairs to the Cisterns that may result in water outages.

Prior to SMGV’s next rate application, the Company also agrees to work with the other parties to the Stipulation to resolve the following issues:

- The correct property tax allocation between SMGV and Widgi Creek Golf Course (Widgi Creek) in order to ensure customers are not paying property taxes for equipment that Widgi Creek owns.
- The proper methodology for allocating power costs to ensure a fair allocation between SMGV and Widgi Creek.

- The proper methodology for allocating plant costs concerning the well pumps and turbine meter to ensure a fair allocation between SMGV and Widgi Creek.
- The proper timing and method to determine categorizing future landscape plant costs and operating expenses. The agreement concerning landscape issues will include a determination if these costs are Company Plant and expenses, or if SMGV's affiliate, Braber Properties LLC, assumes the costs and charges the Company for the annual maintenance cost and return on the improvement.
- The proper allocation of the back-up well pump once metering of usage by residential/commercial customers and Widgi Creek is completed. The Parties agree that the back-up pump for the well will be placed in rate base (Materials and Supplies) at 50 percent of estimated costs.

### **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.

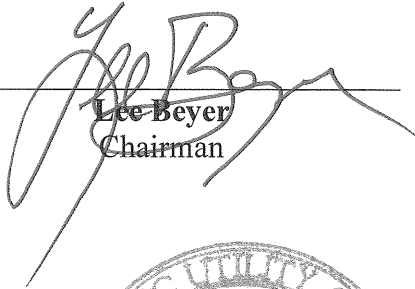
### **ORDER**

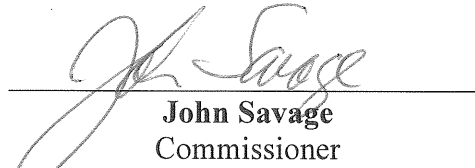
IT IS ORDERED that:

1. The Stipulation attached to this order as Appendix A is adopted. Seventh Mountain Golf Village Water Company is authorized to decrease revenues by \$8,558, or 15.64 percent, resulting in total annual revenues of \$46,160.
2. Seventh Mountain Golf Village Water Company 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 October 1, 2006.

4. The tariffs filed by Seventh Mountain Golf Village Water Company on April 11, 2006, are permanently suspended.

Made, entered, and effective AUG 28 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.

APPENDIX A

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BEFORE THE PUBLIC UTILITY COMMISSION  
OF OREGON  
UW 116

In the Matter of )  
SEVENTH MOUNTAIN GOLF )  
VILLAGE WATER COMPANY'S ) STIPULATION  
Request for a General Rate Case. )

9 Seventh Mountain Golf Village Water Company's, (SMGV or the Company),  
10 appearing by and through its authorized representative, Dale Bernards, SMGV  
11 Owner and President, the Public Utility Commission Staff (Staff) appearing by and  
12 through its attorney, Jason W. Jones, Assistant Attorney General, and the  
13 Homeowners Association Water Committee (Intervenors), appearing by and through  
14 its members Thomas J. Clifford, Robert J. Selder, Leo Mottau, and Charles Heinrich  
15 enter into this Stipulation and resolution of all issues between them.

16 1.

17 Staff's written Testimony, Exhibits, and Tariff Sheets will be received into  
18 evidence pursuant to this Stipulation without requiring any Party to lay a foundation  
19 for its admission.

20 2.

21 Staff, the Company, and the Intervenors (Parties) agree to a total Revenue  
22 Requirement of \$46,160, total Revenue Reductions of \$8,558, and a Net Operating  
23 Income of \$6,698. The Parties also agree that the Company will have the opportunity  
24 to earn a 9.5 percent rate of return on total rate base of \$70,506. The stipulated  
25 Revenue Requirement is contained in Attachment A. Attachment B contains tariff

1 sheets, PUC Oregon No. 2, Original Sheets No. 1 through 20, showing the  
2 Company's rates, rules, and regulations.

3 3.

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

7 4.

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

11 5.

12 The Parties agree that the Company may charge Miscellaneous Service  
13 Charges according to the rate schedule set forth in tariff sheet PUC Oregon No. 2,  
14 Original Sheet No. 5, Schedule No. 3.

15 6.

16 The Company agrees to work with the other Parties to the Stipulation to  
17 develop a plan for the Company to assume ownership of all meters prior to meters  
18 being included in rate base. This plan will include a method to purchase meters from  
19 homeowners and contain a proper accounting of all meters demonstrating that the  
20 Company has ownership of all meters.

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7.

2           The Company agrees to work with the other Parties to the Stipulation to  
3 determine the correct property tax allocation between SMGV and Widgi Creek Golf  
4 Course (Widgi Creek) in order to ensure customers are not paying property taxes for  
5 equipment that Widgi Creek owns. The Parties agreed to work towards resolution of  
6 this issue amongst themselves prior to SMGV's next rate application.

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8.

8           The Company agrees to work with the other Parties to the Stipulation to  
9 determine the proper methodology for allocating power costs to ensure a fair  
10 allocation between SMGV and Widgi Creek. The Parties agreed to work towards  
11 resolution of this issue amongst themselves prior to SMGV's next rate application.

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9.

13           The Company agrees to work with the other Parties to the Stipulation to  
14 determine the proper methodology for allocating plant costs concerning the well  
15 pumps and turbine meter to ensure a fair allocation between SMGV and Widgi Creek.  
16 The Parties agreed to work towards resolution of this issue amongst themselves prior  
17 to SMGV's next rate application.

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10.

19           The Company agrees to work with the other Parties to the Stipulation to  
20 determine the proper timing and method to determine categorizing future landscape  
21 plant costs and operating expenses. The agreement concerning landscape issues  
22 will include a determination if these costs are Company Plant and expenses, or if



1 SMGV's affiliate, Braber Properties LLC., assumes the costs and charges the  
2 Company for the annual maintenance cost and return on the improvement. The  
3 Parties agreed to work towards resolution of this issue amongst themselves prior to  
4 SMGV's next rate application.

5 11.

6 The Company agrees that all Cistern repairs will be performed by the  
7 Company. Additionally, the Company will properly and promptly inform Staff and  
8 customers of the status of any repairs to the Cisterns that may result in water  
9 outages.

10 12.

11 The Parties agree that the back-up pump for the well will be placed in rate  
12 base (Materials and Supplies) at 50 percent of the estimated costs. The Company  
13 agrees to work with the other Parties to the Stipulation to determine the proper  
14 allocation of the well pump once metering of usage by residential/commercial  
15 customers and Widgi Creek is completed. The Parties agreed to work towards  
16 resolution of this issue amongst themselves prior to SMGV's next rate application.

17 13.

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

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14.

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.


15.

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 2nd day of August 2006.

Respectfully submitted,

HARDY MYERS  
Attorney General

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

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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 3<sup>rd</sup> day of August 2006.



Dale Bernards, President and Owner  
Seventh Mountain Golf Village Water Company

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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 8<sup>th</sup> day of August 2006.



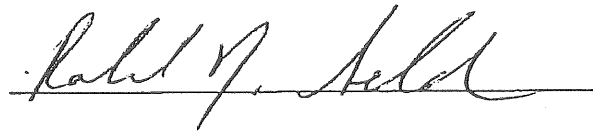
Thomas G. Clifford  
Intervenor

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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 7<sup>th</sup> day of August 2006.



Robert J. Selder  
Intervenor

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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 2 day of August 2006.



Leo Mottau  
Intervenor

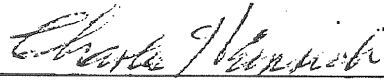
ORDER NO. 06-501

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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 7<sup>th</sup> day of August 2006.



Charles Heinrich  
Intervenor

ORDER NO. 06-501

Seventh Mountain  
UW 116  
Test Year: 2005

Company Case  
41.7%

Staff  
-15.64%

Acct. No.	REVENUES	Balance Per Application Test Year: 2005	Proposed Company Adjustments	Adjusted Results (A+B=C)	Company Proposed Rev Changes	Proposed Results (C+D=E)	Tax Adj.	Proposed Staff Adjustments	Adjusted Results (A+F=G)	Staff Proposed Rev Changes	Proposed Results (G+H+I)	Staff %	Co%	Difference Staff/SMGV
												-15.64%	41.71%	
1	461.1 Residential Water Sales	23,585		23,585	51,631	75,216		9,199	32,784	10,780	43,564			-\$31,652
2	461.2 Commercial Water Sales	1,562		1,562	764	2,326		391	1,953	642	2,595			\$269
3	465 Irrigation - Non GC			0		0		0	0	0	0			\$0
4	462 Irrigation - GC	29,571		29,571	(29,571)	0		(29,571)	0	0	0			\$0
5	471 Misc. Revenues			0		0		0	0	0	0			\$0
6	Special Contracts			0		0		0	0	0	0			\$0
7	TOTAL REVENUE	54,718	0	54,718	22,824	77,542		(19,981)	34,737	11,423	46,160	46.159		-\$31,382
<b>OPERATING EXPENSES</b>														
10	601 Salaries and Wages - Employees	0	0	0		0		0	0		0			\$0
11	603 Salaries and Wages - Officers	0	0	0		0		0	0		0			\$0
12	604 Employee Pension & Benefits	0	0	0		0		0	0		0			\$0
13	610 Purchased Water	0	900	900		900		0	0		0			-\$900
14	611 Telephone/Communications	295	400	695		695		95	390		390			-\$305
15	615 Purchased Power	14,832	(6,310)	8,522		8,522		(7,065)	7,767		7,767			-\$755
16	618 Chemical / Treatment Expense	0	300	300		300		0	0		0			-\$300
17	619 Office Supplies	513	700	1,213		1,213		775	1,288		1,288			\$75
18	619.1 Postage	687	156	843		843		156	843		843			\$0
19	620 O&M Materials/Supplies	579	800	1,379		1,379		(579)	0		0			-\$1,379
20	621 Repairs to Water Plant	2,956	1,200	4,156		4,156		(1,013)	1,943		1,943			-\$2,213
21	631 Contract Svcs - Engineering	0	600	600		600		0	0		0			-\$600
22	632 Contract Svcs - Accounting	4,405	2,000	6,405		6,405		(794)	3,611		3,611			-\$2,794
23	633 Contract Svcs - Legal	0	1,200	1,200		1,200		0	0		0			-\$1,200
24	634 Contract Svcs - Management Fees	6,140	3,820	9,960		9,960		3,820	9,960		9,960			\$0
25	635 Contract Svcs - Testing	2,423	0	2,423		2,423		(592)	1,831		1,831			-\$592
26	636 Contract Svcs - Labor	0	2,000	2,000		2,000		0	0		0			-\$2,000
27	637 Contract Svcs - Billing/Collection	0	743	743		743		0	0		0			-\$743
28	638 Contract Svcs - Meter Reading	0	0	0		0		743	743		743			\$743
29	639 Contract Svcs - Landscape	0	0	0		0		0	0		0			\$0
30	641 Rental of Building/Real Property	5,043	(5,043)	0		0		(5,043)	0		0			\$0
31	642 Rental of Equipment	0	0	0		0		0	0		0			\$0
32	643 Small Tools	0	0	0		0		0	0		0			\$0
33	648 Computer/Electronic Expenses	0	0	0		0		0	0		0			\$0
34	650 Transportation	0	0	0		0		0	0		0			\$0
35	656 Vehicle Insurance	0	0	0		0		0	0		0			\$0
36	657 General Liability Insurance	278	1,445	1,723		1,723		1,612	1,890		1,890			\$167
37	658 Workers' Comp Insurance	0	0	0		0		0	0		0			\$0
38	659 Insurance - Other	0	0	0		0		0	0		0			\$0
39	660 Public Relations/Advertising	0	0	0		0		0	0		0			\$0
40	666 Amortz. of Rate Case	0	0	0		0		200	200		200			\$200
41	667 Gross Revenue Fee (PUC)	0	145	145		145		83	83	29	112			-\$33
42	668 Water Resource Conservation	0	0	0		0		0	0		0			\$0
43	670 Bad Debt Expense	0	0	0		0		0	0		0			\$0
44	671 Cross Connection Control Program	0	0	0		0		0	0		0			\$0
45	672 System Capacity Dev Program	0	0	0		0		0	0		0			\$0
46	673 Training and Certification	0	0	0		0		0	0		0			\$0
47	674 Consumer Confidence Report	200	0	200		200		0	200		200			\$0
48	675 General Expense	91	10,322	10,413		10,413		487	578		578			-\$9,835
49	TOTAL OPERATING EXPENSE	38,442	15,378	53,820	0	53,820		(7,115)	31,327	29	31,355	31.355		-\$22,465
<b>OTHER REVENUE DEDUCTIONS</b>														
50	403 Depreciation Expense	2,966	242	3,208		3,208		1,260	4,226		4,226			\$1,018
51	407 Amortization Expense			0		0		0	0	0	0			\$0
52	408.1 Property Tax	2,949	(807)	2,142		2,142		(807)	2,142		2,142			\$0
53	408.1 Payroll Tax			0		0		0	0		0			\$0
54	408.1 Other			0		0		0	0		0			\$0
55	409.1 Oregon Income Tax	473	1,453	1,926		1,926	474	(668)	(194)	752	557	558		-\$1,369
56	409.10 Federal Income Tax	1,045	4,327	5,372		5,372	1,045	(1,459)	(414)	1,596	1,182	1,182		-\$4,190
57	TOTAL REVENUE DEDUCTIONS	45,875	20,593	66,468	0	66,468		(8,790)	37,085	2,377	39,462	39.462		-\$27,006
58	NET OPERATING INCOME	8,843	(20,593)	(11,750)	22,824	11,074		(11,191)	(2,348)	9,046	6,698	6.698		-\$4,376
59	101 Utility Plant in Service	519,516	(368,877)	150,639		150,639		(412,627)	106,889		106,889	106.889		-\$43,750
60	Less:													
61	108.1 Depreciation Reserve	31,208	2,966	34,174		34,174		(77,702)	(46,494)		(46,494)			-\$46,494
62	271 Contributions in Aid of Const			0		0		0	0		0			\$0
63	272 Amortization of CIAC			0		0		0	0		0			\$0
64	281 Accumulated Deferred Income Tax			0		0		0	0		0			\$0
65	Net Utility Plant	488,308	(371,843)	116,465	0	116,465		(427,913)	60,395	0	60,395	60.395		-\$56,070
66	Plus: (working capital)			116,465		116,465			60,395		60,395			\$0
67	151 Materials and Supplies Inventory		0	0		0		7,500	7,500		7,500			\$7,500
68	Working Cash (Total Op Exp /12)	5,540	1,282	6,822		6,822		(2,929)	2,611	0	2,611	2.613		-\$4,211
69	TOTAL RATE BASE	493,848	(370,561)	123,287	0	123,287		(423,342)	70,506	0	70,506			-\$52,781
70	Rate of Return	1.79%		-9.53%		8.98%			-3.33%		9.50%			0.52%



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

**NAMING RATES FOR**

**SEVENTH MOUNTAIN GOLF VILLAGE WATER  
 COMPANY**

3030 SW Moody Ave., Suite 103  
 Portland OR 97201

(503) 222-2900

Serving water in the vicinity of  
 Bend, Oregon

Issue Date		Effective Date	October 1, 2006
Issued By	<i>(date filing was mailed)</i>		<i>(at least 30 days after PUC receives filing)</i>
	Seventh Mountain Golf Village Water Company		
Signed By	<i>(name of utility)</i>		
	<i>(print name)</i>	<i>(title)</i>	<i>(signature of owner or corporate officer)</i>

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Issue Date		Effective Date	October 1, 2006
	<i>(date filing was mailed)</i>		<i>(at least 30 days after PUC receives filing)</i>
Issued By	Seventh Mountain Golf Village Water Company		
	<i>(name of utility)</i>		
Signed By			
	<i>(print name)</i>	<i>(title)</i>	<i>(signature of owner or corporate officer)</i>

**SCHEDULE NO. 1**

**RESIDENTIAL FLAT RATES**

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

Applicable: To residential customers and premises.

**FLAT RATE**

<b>Service Line Size</b>	<b>Monthly Flat Rate</b>	<b>Consumption</b>
1 inch	\$21.14	unlimited

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. From the months of September through May, Widgi Creek Pool will be charged and will pay the monthly residential rate.

<b>Issue Date</b>		<b>Effective Date</b>	<b>October 1, 2006</b>
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	Seventh Mountain Golf Village Water Company		
<b>Signed By</b>	<i>(name of utility)</i>		
	<i>(print name)</i>	<i>(title)</i>	<i>(signature of owner or corporate officer)</i>

**SCHEDULE NO. 2**  
**COMMERCIAL FLAT RATES**

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

Applicable: To commercial customer and premises.

**FLAT RATE**

Service Line Size	Monthly Flat Rate	Consumption
1 inch	\$173.00	unlimited

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. From the months of June through August, Widgi Creek Pool will be charged and will pay the monthly commercial rate.

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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 1-inch service	\$450.00
Nonstandard 1 inch service	At cost
Larger than 1-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	\$20.00
<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 1/1/06 – 1.7%)
<u>Deposit for Service</u> (Rule No.)	
Pursuant to OAR 860-036-0040(2)	Pursuant to OAR 860-036-0050 (as of 1/1/06 – 4%)
<u>Returned-Check Charge</u> (Rule No. 23)	\$20.00 each occurrence
<u>Trouble-Call Charge</u> (Rule No. 36)	\$50.00 per hour
<u>Disconnection/Reconnect Charge</u> (Rule No. 28 & 29)	
During normal office hours	\$25.00
After normal office hours on special request	\$35.00
<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)	\$20.00

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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 Seventh Mountain Golf Village 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.

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

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

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

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.

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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 10 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.

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Rule 12: Types of Use

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

Rule 13: Multiple Residences

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

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

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

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

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

**REFUSAL OF SERVICE**

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

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

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

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

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

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

Rule 17: Refusal of Service Due to Utility Facilities (OAR 860-036-0080(7))

The utility shall not accept an application for service or materially change service to a customer if the utility does not have adequate facilities or water resources to render the service applied for, or if the desired service is of a character that is likely to unfavorably affect reasonable service to other customers.

For refusal of service under this rule, the utility shall provide a written letter of refusal to the applicant informing applicant that the details upon which the utility's decision was based may be requested. A copy of such notice will be sent to the Commission. The details will include, but not be limited to:

- A. Current capacity and load measured in gallons or cubic feet per minute;
- B. Current capacity and load measured in pounds per square inch;
- C. Cost to the utility for additional capacity in order to provide the additional service; and
- D. Information regarding the appeal process of the utility's refusal to provide service is available through the Commission's dispute resolution process pursuant to OAR 860-036-0025.

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

The utility shall refuse service to an applicant or customer whose facilities do not comply with applicable plumbing codes or, 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.

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**METERS**

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

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

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

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

Each customer shall provide the utility with regular access to the meter on the customer's property. Failure to permit access at reasonable times and after reasonable notice by the utility requesting access is grounds for disconnection. (OAR 860-036-0120) Should damage result to the meter from molesting, tampering, or willful neglect on the part of the customer, the utility shall repair or replace the meter and may bill the customer for the reasonable cost. (OAR 860-036-0105(6))

Rule 20: Meter Testing (OAR 860-036-0110)

The meter shall be tested prior to or within 30 (thirty) days of installation to determine it is accurate to register not more than 2 percent error. No meter shall be allowed to remain in service if it registers an error in excess of 2 percent under normal operating conditions. The utility shall maintain a record of all meter tests and results. Meter test result records shall include:

- A. Information necessary to identify the meter;
- B. Reason for making the test;
- C. Date of test;
- D. Method of testing;
- E. Meter readings;
- F. Test results; and
- G. Any other information required to permit convenient checking of methods employed.

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Rule 21: Customer-Requested Meter Test (OAR 860-036-0115)

A customer may request that the utility test the service meter; such test shall be made within 20 working days of the receipt of such request at no cost to the customer. The customer has the right to be present during said test, which is to be scheduled at a mutually agreeable time. A written report shall be provided to the customer stating:

- A. Customer's name;
- B. Date of the customer's request;
- C. Address at which the meter has been installed;
- D. Meter identification number;
- E. Date of actual test; and
- F. Test results.

If a customer requests a meter test more often than once in any 12-month period, the deposit listed on the Miscellaneous Service Charges Schedule may be required to recover the cost of the test. If the meter is found to register more than 2 percent fast under conditions of normal operation, the utility shall refund the deposit to the customer.

**BILLING**

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

Bills are due and payable when rendered by deposit in the mail or other reasonable means of delivery. SMGV is currently charging a flat rate; however, meters will be read to determine consumption for a future filing with the Commission for metered rates. The bill shall be rendered **quarterly**. Although 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 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:

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

Rule 23: Returned-Check Charge

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

Rule 24: Prorating of Bills

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

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

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

When a customer is required to repay an underbilling, the customer shall be entitled to enter into a time-payment agreement without regard to whether the customer already participates in such an agreement. If the customer and the utility cannot agree upon payment terms, the Commission shall

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establish terms and conditions to govern the repayment obligation. The utility shall provide written notice advising the customer of the opportunity to enter into a time-payment agreement and of the Commission's complaint process.

**DISCONNECTION OF WATER SERVICE**

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

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

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

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

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

When a customer fails to comply with the utility's rules and regulations, or permits a bill or charge for regulated services to become delinquent (except for nonpayment of a time-payment agreement\*), the utility shall give at least five days' written notice before water may be shut off. The notice shall state:

- A. The reason(s) for the proposed disconnection;
- B. The earliest date for disconnection;
- C. The amount to be paid to avoid disconnection;
- D. An explanation of the time-payment provision of OAR 860-036-0125;
- E. Information regarding the Commission's dispute resolution process; and
- F. The Commission's Consumer Services toll-free number, 1-800-522-2404.

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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 the utility, or the utility permits a time-payment agreement charge to become delinquent, the utility shall give at least 15 days' written notice before the water may be shut off.

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

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

Rule 30: Unauthorized Restoration of Service

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

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reconnection, and the reconnection charge listed on the Miscellaneous Service Charges Schedule are paid in full.

Rule 31: Unauthorized Use

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

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

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

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

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

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

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

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Rule 34: Damages/Tampering

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

**SERVICE QUALITY**

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

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

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

Rule 36: Trouble Call

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

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

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

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

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

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

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

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

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

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

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

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

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

Issue Date		Effective Date	October 1, 2006
Issued By	<i>(date filing was mailed)</i>		<i>(at least 30 days after PUC receives filing)</i>
	Seventh Mountain Golf Village Water Company		
Signed By	<i>(name of utility)</i>		
	<i>(print name)</i>	<i>(title)</i>	<i>(signature of owner or corporate officer)</i>

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

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

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

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

Rule 43: Cross Connection/Backflow Prevention Program

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

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	<i>(name of utility)</i>		
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