

**BEFORE THE PUBLIC UTILITY COMMISSION  
OF OREGON**

UW 117

In the Matter of	)	
	)	
PETE'S MOUNTAIN WATER CO., INC.	)	ORDER
	)	
Request for an increase in total annual	)	
revenues from \$111,079 to \$212,300.	)	

DISPOSITION: NEW RATES ESTABLISHED

**Procedural Background**

On May 5, 2006, Pete’s Mountain Water Company, Inc., (PMWC) filed revised tariffs seeking to increase rates for water service, effective June 5, 2006. On May 23, 2006, we found good and sufficient cause to investigate the reasonableness of the proposed rates and ordered they be suspended for a six-month period of time. *See* Order No. 06-249.

PMWC, the Commission Staff (Staff), and six customer intervenors participated in the subsequent rate investigation. After settlement negotiations, PMWC, Staff, and two intervenors entered into a Stipulation proposing the Commission approve a \$39,266 rate increase for the company. Two other intervenors (Intervenors) challenged the Stipulation, and presented evidence and argument on issues primarily relating to costs paid to or for the benefit of Suzanne and Terry Webber, the primary owner-operators of PMWC. Specifically, Intervenors challenged the reasonableness of: (1) the salary paid to and estimated hours of work performed by Ms. Webber; (2) the health care benefits paid to both Ms. and Mr. Webber; and (3) PMWC’s transportation costs.

On December 4, 2006, we issued Order No. 06-657 and suspended PMWC’s tariff filing for an additional three-month period, pursuant to ORS 757.215(1). We ruled that additional time was needed to complete the rate investigation for two reasons. First, we concluded that PMWC must file affiliated interest contracts for the wages and salaries paid to the Webbers. Second, we preliminarily determined that there was insufficient evidence to support the rates proposed in the Stipulation. To allow a further examination of the disputed employee and transportation costs, we suggested that PMWC allow the investigation to extend beyond the additional three-month suspension period. *See* ORS 757.215(2).

In response, PMWC undertook two actions. First, it filed affiliated interest contracts for the Webbers on February 12, 2007. *See* Dockets UI 261 and UI 262. We approved both applications at a March 13, 2007, Public Meeting. *See* Orders No. 07-106 and 07-107. Second, PMWC filed a written Stipulation agreeing to a further extension of the suspension period through June 4, 2007, and moved to reopen the record to present additional

evidence on the disputed costs. We extended the rate investigation accordingly and granted PMWC's request for additional proceedings. *See* Order No. 07-063.

Based on the record presented in this matter, we enter the following:

### **FINDINGS OF FACT AND CONCLUSIONS OF LAW**

PMWC is a small investor-owned water company located in West Linn, Oregon. Terry and Suzanne Webber own 66 percent of the company. Another family member owns the remaining third. The Webbers also own and operate a berry farm at their home in Canby, Oregon, where Suzanne works as the bookkeeper. The Webbers' home is located 13.7 miles from PMWC's water system. The system consists of two wells, a 140,000-gallon storage reservoir, pump station, pumps, and distribution lines. It serves 89 residential and two irrigation customers.

Under its current tariffs, PMWC charges a base rate of \$30 per month, which includes 600 cubic feet of water. PMWC also charges a variable rate of \$3.25 per 100 cubic feet for all usage above 600 cubic feet.

To operate its system, PMWC requires the personal services of 1.04 full-time equivalent employees. As part of the many required tasks, an employee needs to physically inspect the company's pump house and equipment on an almost daily basis. The installation and use of a remote video monitor would not eliminate the need for these daily visits. Due to the potential theft of mail left in a mail box, PMWC also requires the use of a post office box to receive customer payments and other correspondence.

The City of Scotts Mills (City) operates a water system comparable to PMWC. Although not rate regulated by the Commission, the system serves approximately 130 customers in a similar geographic area. The City requires the equivalent of a full-time employee at a cost of \$39,290 per year for personal services, excluding payroll costs and time donated by volunteers. The City does not provide employee benefits.

### **Applicable Law**

In this rate proceeding, the Commission's function involves two primary steps. First, we must determine PMWC's reasonable costs of providing service and expected revenues, so that we can set utility rates at just and reasonable levels. Second, we must allocate the revenue requirement among the utility's customer classes.

As the applicant in this proceeding, PMWC bears "the burden of showing that the rate or schedule of rates proposed to be established or increased or changed is just and reasonable." ORS 757.210. This burden is borne by PMWC throughout the proceeding and does not shift to any other party.

## Revenue Requirement

As noted above, PMWC and Staff submitted a Stipulation intended to resolve all contested issues in this docket. Following the preliminary determination that the evidence offered at the first hearing did not support the rates proposed in that Stipulation, Staff reinvestigated PMWC's operations and proposed a variety of adjustments to reflect additional costs and savings that the company has incurred since the Stipulation. Although neither PMWC nor Staff feel obligated by the earlier Stipulation, both support the previously proposed revenue requirement, as adjusted based on updated information. Intervenors continue to dispute employee and transportation costs.

In its original analysis of PMWC's rate filing, Staff made numerous adjustments to the company's test period expenses, utility plant in service, and accumulated depreciation. *See* Staff/100, Sloan/Dougherty/5-20. These adjustments served as the basis of the Stipulation entered into with PMWC. During the additional proceedings, Staff updated many of those adjustments to support a revised revenue requirement. *See* Staff/200, Sloan/5-9. With the exception of any adjustment related to the disputed employee and transportation costs that we address below, we find Staff's adjustments to be reasonable and conclude they should be adopted and included as part of PMWC's revenue requirement.

## Wages and Benefits

### *Positions of the Parties*

PMWC and Staff support the stipulated test year amounts for employee wages and benefits. These amounts include: (1) \$42,192 per year (2,076 hours at \$20.32 per hour) paid to Suzanne Webber for performing duties as system operator and office manager; (2) \$2,000 per year (80 hours at \$25 per hour) paid to Terry Webber for repairs, maintenance and backup to Suzanne; (3) \$12,144 for medical, dental, vision and life insurance to the Webbers; and (4) \$4,189 in payroll taxes.

To substantiate the need for a full-time employee, PMWC and Staff primarily rely on a summary of time records kept by Ms. Webber for September 2006 through February 2007. According to these records, Ms. Webber worked an average of more than 173 hours per month for PMWC.<sup>1</sup> PMWC also relies on evidence that the City of Scotts Mills requires the equivalent of a full-time employee to operate a comparable water system. As to wages, Staff contends that the hourly rates paid to the Webbers are comparable to rates

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<sup>1</sup> In its post-hearing brief, Intervenors, for the first time, request that the summary of time records be stricken from the record because it fails to comply with the best evidence rule. Intervenors' request is denied. First, Intervenor's objection is untimely. OAR 860-014-0045(3) requires parties objecting to the introduction of evidence to do so at the time the evidence is offered. Here, Intervenors expressly did not object to the introduction of the summary when offered at hearing. Second, the best evidence rule does not apply to Commission proceedings. Rather, the admission of evidence is governed by OAR 860-014-0045(1)(b), which allows relevant evidence to be admitted "[I]f it is a type commonly relied upon by reasonably prudent persons in the conduct of their serious affairs." We find the summary meets that standard.

reported by the Oregon Employment Department and the American Water Works Association for water system operators and office manager.

Intervenors renew their objections to the inclusion of such high employee costs in PMWC's revenue requirement. Intervenors do not dispute the hourly wage for Mr. Webber. They contend, however, the company has failed to justify that Ms. Webber's duties constitute full-time employment. They claim the new summary differs little from what she presented earlier in this case, and fails to refute her prior testimony that a portion of her office hours is "just waiting-to-be-engaged-type stuff." Intervenors also dispute the comparison of PMWC to the water system operated by Scotts Mills. They contend that, because the Scotts Mills system is not regulated by the Commission, the costs they incur for running their system is not relevant to this investigation. The Intervenors also emphasize that Scotts Mills provides no health care benefits to its employees.

### *Resolution*

Determining the amount of reasonable employee costs has recently become one of the most contentious aspects of water rate proceedings. This exercise is particularly difficult in cases such as this, where the owners of the utility are also employees and the employee costs constitute the single largest component of the utility's proposed revenue requirement.

Despite the considerable attention devoted by the parties to this issue, there is little objective evidence to support PMWC's request for recovery of \$44,192 in wages and \$12,144 for health benefits. While Staff provided various third party sources as to appropriate hourly rates, we have but two pieces of information supporting the need for a full-time employee to operate and maintain the system. Surprisingly, we have no direct information supporting the recovery of the requested health care benefits.

Before addressing the evidence that exists in the record, we begin by noting that we chose not to examine Ms. Webber's wages and benefits separately. Both constitute part of a total employee compensation package and, consequently, are inextricably linked. Different employers may offer a different combination of wages and benefits to compensate an employee for personal services. Some employers (as well as employees) may favor higher wages in lieu of benefits; others may favor a greater benefits package. For this reason, it is difficult to make a determination as to reasonable wages without simultaneously examining benefits, and vice versa. Accordingly, we examine wages and salaries as one combined cost to the utility, and establish a reasonable overall employee compensation cost that PMWC may recover in rates for Ms. Webber's services.

Turning to the evidence presented, we first conclude that PMWC has established the need to recover the costs for employing Ms. Webber on a full-time basis. We base this determination on the summary of the time records kept by Ms. Webber, indicating an average of over 173 hours of work per month. As Staff and PMWC state, a small water system operator performs a variety of managerial, technical, and financial tasks. We are persuaded by Ms. Webber's documentation that these tasks constitute a full-time job. We

acknowledge Intervenors' criticism that Staff did not review or audit the underlying records used to prepare the summary. An audit, however, would have only examined whether the time reported was correctly reflected in the summary.

Ms. Webber's time records are also supported by a comparison of two other water systems. First, the City of Scotts Mills requires the equivalent of a full-time employee in the operation of its similarly-sized water system with 130 metered connections. Second, the Long Butte Water Company employs one full-time employee for every 100 customers connected to its system. While the operating expenses of each water utility must be examined individually due to each system's unique operating characteristics, PMWC's need to employ Ms. Webber on a full-time basis is consistent with the needs of other small water utilities. Accordingly, with this amount of hours for Ms. Webber, combined with the uncontested amounts for work performed by Mr. Webber, we find it reasonable for PMWC to recover the costs for 1.04 FTE.

As to total wages and benefits for Ms. Webber, we conclude that PMWC should be allowed to recover employee costs of \$39,290. This is the amount introduced by PMWC as to Scotts Mills' annual costs expended for personal services to operate and maintain its water system. As discussed above, the costs only covered wages, as the City does not provide any health care benefits. Again, however, we examine employee compensation as a whole and, accept this amount as the reasonable expense for employee salaries and benefits to operate a comparable water system.

In reaching this decision, we again acknowledge the difficulty in comparing the operating costs of water systems, but we accept PMWC's assertion that the evidence from Scott Mills is suitable for determining reasonable employee expenses in this rate proceeding. We recognize that Scotts Mills also relies on volunteer help to operate its water system. The amount of such uncompensated help, however, was not substantiated. Moreover, the fact that Scotts Mills needs additional help to run its system can be explained by the fact that it has 42 percent more customers than PMWC. Finally, PMWC also relies on the services of Terry Webber, whose annual wages of \$2,000 are in addition to those approved for Ms. Webber.

Our decision to examine wages and salaries as one combined cost to the utility presents a problem in determining the appropriate amount of payroll tax that may be recovered by PMWC. As the name implies, payroll taxes are based solely on wages. The approved overall employee compensation cost provides no isolated wage on which to base the payroll tax, and we do not mandate any specific amount. Rather, PMWC will determine how it intends to divide the overall compensation amount into wages and benefits. Fortunately, PMWC has already provided information as to how it would make that division. In its affiliated interest application, PMWC indicated that it would pay an additional amount, up to 25 percent, of Ms. Webber's gross salary for health insurance and pension. *See* Staff/301, Dougherty/13. Accordingly, for purposes of setting the amount for payroll taxes based on a combined amount of wages and benefits, we will deem that the benefits are equal to 25 percent of wages.

Finally, we appreciate Staff's efforts to locate and introduce independent wage data from government and water industry sources. Such data can be useful in helping us determine the reasonable amount of wages that should be included in a water utility's revenue requirement. In this case, however, the data lacked two key components that greatly diminished its value. First, the data focused only on hourly rates and did not include consideration of employee benefits. As previously discussed, we cannot examine the reasonableness of one without the other in determining overall employee compensation. Second, the data failed to provide any justification for the amount of overall hours needed to operate a water system like PMWC. In future dockets, we encourage Staff to identify additional resources to provide such useful and objective information.

## **Transportation**

### *Positions of the Parties*

In its earlier Stipulation, PMWC and Staff recommended recovery of transportation costs totaling \$13,257. This figure primarily consisted of the lease of a Ford F250 pick-up and an annual fuel expense. The stipulating parties, however, now support a reduced transportation expense of \$8,443.80. The parties explain that, in March 2006, the company leased a smaller, more fuel efficient Ford F150 pick-up. The new truck reduces the vehicle lease costs by \$2,191.08 annually, and annual fuel costs by \$1,606.

Intervenors object to the level of transportation costs. They believe the company has failed to take reasonable steps to reduce the need for daily trips to the pump house, the bank, and the post office. First, they suggest the company install a remote video camera that would allow the Webbers to monitor the pump house from a home computer. Second, Intervenors contend that the need for daily trips to the post office could be eliminated with the installation of a locked mailbox at the Webber home.

### *Resolution*

In setting rates, we allow a utility to recover only the costs of expenses prudently incurred. For this reason, we expect all utilities to explore all reasonable options for reducing operating costs.

We do not believe that PMWC has incurred imprudent transportation costs by failing to install the equipment recommended by Intervenors. At both evidentiary hearings, PMWC explained that the remote video monitor would not be capable of eliminating the need for daily trips to the pump house. Ms. Webber expressly testified that, while possibly providing limited visual information as to the pump's activities, the monitor would not be able to convey sufficient information that would allow her the ability to tell if the pumps were operating correctly. For example, she testified that many problems can first be detected by the sound and smell of the pump motors – information that would not be conveyed by the monitor. We find her testimony persuasive and adopt it as fact.

Ms. Webber also testified that the company uses a post office box to receive customer bill payments due to the concerns of mail being stolen from a residential mailbox. She also testified that mail had been stolen from their residence, and that even locked mailboxes are susceptible to theft. Again, we find her testimony persuasive and support the company's use of a post office box, under the circumstances.

We appreciate PMWC's decision to lease a smaller, more fuel efficient pick-up truck, and conclude that the company should be allowed to recover \$8,443.80 in annual transportation expense.

### **Rate Design**

In the Stipulation, PMWC and Staff proposed two primary changes to PMWC's rate design. First, they supported a rate design based on factors developed by the American Water Works Association (AWWA) to allocate base rates by meter size. The AWWA factors increase the rates charged to customers with larger meters to reflect the greater potential demand on the water system. Second, the parties agreed to replace PMWC's existing one-tiered variable rate with a two-tiered variable rate. This rate design divides the two tiers at the average customer use of 1,600 cubic feet/month. Customers will pay relatively more when they exceed average use. This two-tier consumption rate better reflects cost causation, and addresses some customers' concern about the sustainability of an adequate water supply.

Intervenors object to the proposed use of AWWA factors to allocate base rates by meter size. They note that one of the two irrigation customers is actually a homeowners' association that uses water to sprinkle-irrigate a common area less than a tenth of an acre. While its actual water use is limited and only seasonal in nature, the common property is served by a two-inch meter. Intervenors argue that increasing base rates by meter size would disproportionately impact the homeowners' association.

### *Resolution*

We agree that base rates should reflect the potential demand for usage that a customer may place upon a water system. Accordingly, we adopt Staff's proposal to use modified AWWA factors to allocate base rates by meter size, as the size of the meter is generally the best measure of the maximum amount of a customer's water usage. We recognize, however, that a customer's demand may also be controlled through the use of a restrictor fitting placed in the water line. Accordingly, we will allow the company to allocate base rates by either meter size or company approved restrictor fitting. This change in rate design should be revenue neutral for PMWC.

We further find that the proposed use of two-tiered rate design is reasonable and should be adopted. This inverted rate design will send a price signal for the conservation of water.

**CONCLUSION**

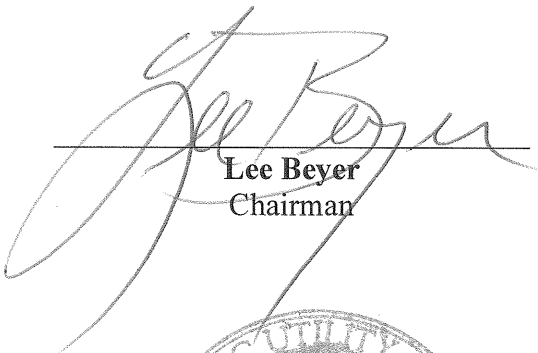
The Stipulation, as revised on updated information, and modified pursuant to the terms of this order, will result in rates that are fair, just, and reasonable. The revised tariffs, attached as Appendix A and which incorporated the terms of this order, are adopted. Annual total revenues will increase \$19,122, based on test year data. Average monthly customer rates, based on 1,600 cubic feet of usage with 5/8 or 3/4 inch meters, will increase from \$62.50 to \$66.41.


**ORDER**

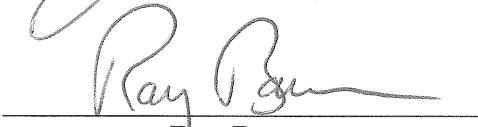
IT IS ORDERED that:

- 1. The tariff schedules set forth in the application filed by Pete’s Mountain Water Company are permanently suspended.
- 2. The revised tariff schedules, set forth in Appendix A, shall become effective June 5, 2007.

Made, entered, and effective JUN 04 2007.

  
 \_\_\_\_\_  
**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.



### Containing Rules and Regulations Governing Water Utility Service

#### NAMING RATES FOR

PETE'S MOUNTAIN WATER COMPANY INC.

(name of utility)

PO BOX 418

(address)

CANBY, OREGON 97013

(city, state, & zip code)

503-266-1590 (Business Office)

(telephone numbers and type)

Serving water in the vicinity of

SW SCHAEFFER RD, CLACKAMAS COUNTY, OREGON

Issue Date		Effective Date	
Issued By	Pete's Mountain Water Company Inc		
Signature			
Name & Title			

ADVICE NO. \_\_\_\_\_  
(PUC USE ONLY)

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**SCHEDULE NO. 1**

**RESIDENTIAL & IRRIGATION METERED RATES**

**Available:** To customers of the Pete's Mountain Water Company Inc at SW Schaeffer Road, Clackamas County, Oregon, and vicinity.

**Applicable:** To residential and irrigation customers.

**Base Rate**

Service Meter Size	Monthly Base Rate	Usage Allowance	Unit of Measure
5/8 or 3/4 inch	\$31.41	600	cubic feet
1 inch	\$37.69	600	cubic feet
1½ inches	\$39.26	600	cubic feet
2 inch	\$62.82	600	cubic feet

**Commodity Usage Rate**

Commodity Rate	Per	Number of Units	Unit of Measure	Tiered Usage	Unit of Measure
\$3.50	Per	100	cubic feet	Above 600 Up to 1,600	cubic feet
\$3.83	Per	100	cubic feet	Above 1,600	cubic feet

**Special Provisions:**

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

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**SCHEDULE NO. 2**

**MISCELLANEOUS SERVICE CHARGES**

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

<u>Connection Charge for New Service</u> (Rule No. 9)	
Standard 3/4-inch service	\$450.00 (plus additional costs)
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 (plus additional costs)
 <u>Meter Test</u> (Rule No. 21)	
First test within 12-month period	N/C
Second test within 12-month period	\$50.00
 <u>Pressure Test</u> (Rule No. 40)	
First test within 12-month period	N/C
Second test within 12-month period	\$25.00
 <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. 5)	
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)	
	\$35.00 each occurrence
 <u>Trouble-Call Charge</u> (Rule No. 36)	
During normal office hours	\$25 per hour
After normal office hours on special request	\$35 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)	
	\$25.00

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

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### APPLICATION FOR SERVICE

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

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

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

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

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

An application for water service must be made where:

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

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

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In accordance with OAR 860-036-0050, the utility shall pay interest on deposits at the rate established by the Commission. After the customer has paid bills for service for 12 consecutive months without having had service discontinued for nonpayment, or more than two occasions in which a shut-off notice was issued, and the customer is not then delinquent in the payment of bills, the utility shall promptly and automatically refund the deposit plus accrued interest by **(check one)**:

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

Rule 6: Customer Service Line

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

Rule 7: Separate Control of Service

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

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

The utility shall furnish and install at its own expense all necessary trenching, pipe, valves, and fittings between its main line and the customer's service line. Such installation shall be designated as the service connection. The utility shall own, operate, maintain, and replace the service connection when necessary and promptly repair all breaks and leaks. The customer shall not be responsible for any damage or poor service due to inadequacy of the service lines or any portion of the utility's plumbing.

Rule 9: Service Connection Charge

An applicant requesting permanent water service to premises not previously supplied with permanent water service by the utility shall be required to pay the service connection charge listed in the utility's Miscellaneous Service Charges Schedule.

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

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

Rule 11: Main Line Advances and Refunds Policy

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

**For a period of five (5) years** after construction of the requested main line extension, the utility shall also collect from any additional applicants whose service connections or service lines shall connect to said main line extension an amount per foot equal to the new applicant's proportionate share of the main line extension cost for that portion used. The utility will then refund the share differential amount to those customers who previously shared the cost of said main line extension. Refunds shall not exceed the amount originally advanced.

No part of the distribution system installed prior to the request for a main line extension shall be used to calculate any customer advance or refund.

Rule 12: Types of Use

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

Rule 13: Multiple Residences

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

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

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

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

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

**REFUSAL OF SERVICE**

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

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

- A. An overdue amount remains outstanding by a customer at the service address;
- B. The applicant resided at the service address indicated in (A) during the time the overdue charges were incurred; or
- C. The person indicated in (A) will reside at the location to be served under the new application. (OAR 860-036-0080)

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

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

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

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

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

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

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

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

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

**METERS**

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

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

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

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

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

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

The meter shall be tested prior to or within 30 (thirty) days of installation to determine 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, 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 intervals** on the corresponding day of each meter reading or billing period. The bill shall be rendered immediately thereafter. (OAR 860-036-0120(3) requires water utilities to bill at monthly intervals. A utility may request upon application special authority by the Commission to bill at intervals other than monthly.) The utility shall make reasonable efforts to prepare opening and closing bills from actual meter readings. When there is good reason for doing so, estimated bills may be submitted. Any estimated billings shall be clearly designated as such.

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

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

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All water service bills shall show:

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

Rule 23: Returned-Check Charge

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

Rule 24: Prorating of Bills

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

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

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

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

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**DISCONNECTION OF WATER SERVICE**

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

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

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

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

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

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

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

Prior to disconnection on the day that the water utility expects to disconnect service, the utility must make a good-faith effort to physically contact the customer to be disconnected or an adult at the customer's premise to be disconnected to advise the customer or adult of the proposed disconnection. If contact is not made, the utility shall leave a notice in a conspicuous place at the customer's premise informing the customer that service has been or is about to be disconnected. The utility shall document its efforts to provide notice and make that documentation available to the customer upon request.

Service shall not be shut off for nonemergencies on a Friday or the day of a state- or utility-recognized holiday or the day prior to such holiday. (OAR 860-036-0220)

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

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

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

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

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

Rule 30: Unauthorized Restoration of Service

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

Rule 31: Unauthorized Use

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

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

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

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

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

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

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

Rule 34: Damages/Tampering

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

**SERVICE QUALITY**

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

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

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

Rule 36: Trouble Call

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

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

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

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

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

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

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

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

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

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

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

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

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.

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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

Contents:

1:01	Authority
1:02	Definitions
1:03	Purpose
1:04	Cross Connections Regulated
1:05	Backflow Prevention Assembly Devices
1:06	Installation Requirements
1:07	Access to Premises
1:08	Annual Testing and Repairs
1:09	Costs of Compliance
1:10	Termination of Service
1:11	Existing Backflow Assembly Devices
1:12	Effective Date
1:13	Records and Reporting Requirements

1:01 AUTHORITY

Pursuant to Chapter 333, Division 061 and Chapter 860, Division 036 of the Oregon Administrative Rules, it is the responsibility of Pete's Mountain Water Company, Inc. to protect its drinking water by instituting and enforcing a cross connection program. Therefore, the following regulations are hereby adopted:

1:02 DEFINITIONS

(1) "Approved backflow prevention assembly" means a Reduced Pressure Principle-Detector Backflow Prevention Assembly, Double Check Valve Backflow Prevention Assembly, Double Check-Detector Backflow Prevention Assembly, Pressure Vacuum Breaker Backsiphonage Prevention Assembly, or Spill-Resistant Pressure Vacuum Breaker Backsiphonage Prevention Assembly, of a make, model, orientation, and size approved by the Department. Assemblies listed in the currently approved backflow prevention assemblies list developed by the University of Southern California, Foundation for Cross-Connection Control and Hydraulic Research, or other testing laboratories using equivalent testing methods, are considered approved by the Oregon Department of Human Services.

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(2) "Auxiliary supply" means any water source or system, other than Pete's Mountain Water Company public potable water system, that may be available in the building or on the premises.

(3) "Backflow" means the flow in the direction opposite to the normal flow or the introduction of any foreign liquids, gases, or substances into the water system of the corporation.

(4) "Contaminant" means any physical, chemical, biological, or radiological substance or matter in water that creates a health hazard.

(5) "The corporation" means Pete's Mountain Water Company, Inc.

(6) "Cross Connection" means any actual or potential unprotected connection or structural arrangement between the public or user's potable water system and any other source or system through which it is possible to introduce into any part of the potable system any used water industrial fluid, gas, or substances other than the intended potable water with which the system is supplied. Cross connections may include any other non-drinkable water system or auxiliary system, sewer, drain conduit, water well, irrigation system, swimming pool, hot tub, storage reservoir, plumbing fixture, swamp coolers, or any other device which contains, or may contain, contaminated water, sewage, or other liquid of unknown or unsafe quality which may be capable of imparting contamination to the corporation's water system as a result of backflow. Bypass arrangements, jumper connections, removable sections, swivel or changeover devices, or other temporary or permanent devices through which, or because of which, backflow may occur are considered to be cross connections.

(7) "Health hazard" means an impairment of the quality of the water that could create an actual hazard to the public health through poisoning or through the spread of disease by sewage, industrial fluids, waste, or other substances.

(8) "Plumbing hazard" means an internal or plumbing-type cross connection in a consumer's potable water system that may be either a polluttional or a contamination-type hazard. This includes, but is not limited to, cross connections to toilets, sinks, lavatories, wash trays, domestic washing machines and lawn sprinkling systems. Plumbing-type cross connections can be located in many types of structures including homes, apartment houses, hotels and commercial or industrial establishments.

(9) "Polluttional hazard" means an actual or potential threat to the physical properties of the water system or the potability of the corporation's or the consumer's potable water system but which would not constitute a health or system hazard, as defined. The maximum degree of intensity of pollution to which the potable water system could be degraded under this definition would cause a nuisance or be aesthetically objectionable or could cause minor damage to the system or its appurtenances.

(10) "Potable water supply." See Safe Drinking Water.

(11) "Premises" means any piece of real estate to which water is provided including all improvements mobile home(s) and structures located on it.

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(12) "Reduced Pressure Principle Backflow Prevention Assembly (RP)" means an assembly containing two independently acting approved check valves, together with a hydraulically operating, mechanically independent pressure differential relief valve located between the check valves and at the same time below the first check valve. The unit shall include properly located resilient seated test cocks and tightly closing resilient seated shutoff valves at each end of the assembly. This assembly is designed to protect against a non-health hazard or a health hazard.

(13) "Reduced Pressure Principle-Detector Backflow Prevention Assembly (RPDA)" means a specifically designed assembly composed of a line size approved reduced pressure principle backflow prevention assembly with a bypass containing a specific water meter and an approved reduced pressure principle backflow prevention assembly. The meter shall register accurately for only very low rates of flow up to three gallons per minute and shall show a registration for all rates of flow. This assembly is designed to protect against a non-health hazard or a health hazard.

(14) "Safe Drinking Water" means water which has sufficiently low concentrations of microbiological, inorganic chemical, radiological or physical substances so that individuals drinking such water at normal levels of consumption will not be exposed to disease organisms or other substances which may produce harmful physiological effects.

(15) "System hazard" means an actual or potential threat of severe danger to the physical properties of the corporation's or consumer's potable water system or of a pollution of contamination which would have a detrimental effect on the quality of the potable water in the system.

1:03 PURPOSE

The purpose of these regulations is to protect the water supply of the corporation from contamination or pollution due to any existing or potential cross connections.

1:04 CROSS CONNECTIONS REGULATED

No cross connections shall be created, installed, used or maintained within the water system served by the corporation, except in accordance with these regulations.

1:05 BACKFLOW PREVENTION ASSEMBLY REQUIREMENTS

Approved backflow prevention assemblies shall be installed at the expense of the user, either at the service connection or within the premises, as determined by a certified cross connection inspector employed by the corporation, whenever:

- (1) The nature and extent of any activity of the premises, or the materials used in connection with any activity of the premises, or materials stored on the premises, could contaminate or pollute the drinking water supply.
- (2) Premises having any one or more cross connections, as that term is defined in Section 1:02, Paragraph 6, are identified or are present.

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- (3) Internal cross connections that are not correctable, or intricate plumbing arrangements which make it impractical to ascertain whether or not cross connections exist are present.
- (4) There is a repeated history of cross connections being established or reestablished.
- (5) There is unduly restricted entry so that inspection for cross connections cannot be made with sufficient frequency or with sufficient notice to assure that cross connections do not exist.
- (6) Materials of a toxic or hazardous nature are being used such that, if backflow should occur, a health hazard could result.
- (7) Any mobile apparatus which uses the corporation's water or water from any premises within the corporation's system.
- (8) Installation of an approved backflow prevention assembly is deemed to be necessary to accomplish the purpose of these regulations in the judgment of a certified cross connection specialist employed by the corporation.
- (9) An appropriate cross connection report form has not been filed with the corporation.
- (10) A fire sprinkler system using non-potable piping material is connected to the corporation's water system.
- (11) All residential properties occupied by persons other than the property owner shall install an approved backflow prevention assembly, or the property owner shall assume all responsibility for any backflow that should occur.

1:06 INSTALLATION REQUIREMENTS

To ensure proper operation and accessibility of all backflow prevention assemblies, the following requirements shall apply to the installation of these assemblies.

- (1) No part of the backflow prevention assembly shall be submerged in water or installed in a location subject to flooding. If installed in a vault or basement, adequate drainage shall be provided.
- (2) Assemblies must be installed at the point of delivery of the water supply, before any branch in the line, on private property located just inside of the property line. Alternate locations must be approved in writing by the corporation prior to installations.
- (3) The assembly must be protected from freezing and other severe weather conditions.
- (4) All backflow prevention assemblies shall be of a type and model approved by the Oregon Department of Human Services and the corporation.
- (5) Only assemblies specifically approved by the Oregon Department of Human Services for vertical installation may be installed vertically.

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- (6) The assembly shall be readily accessible with adequate room for maintenance and testing. Assemblies 2 inches and smaller shall have at least 6-inch clearance on all sides of the assembly. All assemblies larger than 2 inches shall have a minimum clearance of 12 inches on the back side, 24 inches on the test cock side, 12 inches below the assembly and 36 inches above the assembly. "Y" pattern double check valve assemblies shall be installed so that the checks are horizontal and the test cocks face upward.
- (7) The property owner assumes all responsibility for the maintenance and testing of the assembly. Included in this is annual testing by a certified backflow tester with a copy of the results to be submitted to Pete's Mountain Water Co., Inc. as determined and required by the corporation pursuant to the rules and regulations of the Oregon Department of Human Services.
- (8) If written permission is granted to install the backflow assembly inside of the building, the corporation shall inform the customer that failure to provide access to the device for inspection after the corporation has attempted to arrange a reasonable, mutually agreeable time, may result in disconnection of service pursuant to OAR 860-036-0205.
- (9) If an assembly, with written permission, is installed inside of the premises and is 4 inches or larger and is installed 4 feet above the floor, it must be equipped with a rigidly and permanently installed scaffolding acceptable to the corporation. This installation must also meet the requirements set out by the U.S. Occupational Safety and Health Administration and the State of Oregon Occupational Safety and Health Codes.
- (10) Reduced pressure principle assemblies may be installed in a vault only if relief valve discharge can be drained to daylight through a "boresight" type drain. The drain shall be of adequate capacity to carry the full rated flow of the assembly and shall be screened on both ends.
- (11) An approved air gap shall be located at the relief valve orifice. This air gap shall be at least twice the inside diameter of the incoming supply line as measured vertically above the top rim of the drain and in no case less than 1 inch.
- (12) Upon completion of installation, the corporation shall be notified and all assemblies must be inspected and tested. All backflow prevention assemblies must be registered with the corporation. Registration shall consist of date of installation, make, model, serial number of the backflow assembly, and initial test report.
- (13) Any water pressure drop caused by the installation of a backflow assembly is not the responsibility of the corporation, as long as the corporation meets the pressure requirement of OAR 860-36-0315.
- (14) It is the responsibility of the property owner to eliminate the possibility of thermal expansion if a closed system has been created by the installation of a backflow assembly.
- (15) All new construction shall install an approved backflow assembly at the service connection.

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1:07 ACCESS TO BACKFLOW ASSEMBLY DEVICES

In cases where an approved backflow assembly is located within the customer's premises, the corporation shall attempt to arrange a mutually agreeable time to inspect or test such device. If the customer refuses access to the premises or to the interior of a structure for inspection testing by a cross connection specialist appointed by the corporation, the corporation may disconnect service or refuse service pursuant to OAR 860-036-0205 and 860-036-0080, respectively. A reduced pressure principle assembly must be installed at the service connection or access to the premises for the inspection of the backflow assembly device will be required before service will be provided.

1:08 ANNUAL TESTING AND REPAIRS

- (1) All backflow assemblies shall be tested immediately upon installation.
- (2) All backflow assemblies shall be tested at least annually thereafter by a state-certified tester (of the customer's choosing and at the customer's expense).
- (3) Backflow assemblies may periodically be tested by the corporation's certified tester if the corporation has reasonable proof that the device has a history of test failures. The corporation will be responsible for all costs associated with the periodic testing, except in cases where the device fails the periodic test. In such cases, the customer will bear the cost of the test, repairs, and/or replacement, and retesting.
- (4) All such assemblies found not functioning properly shall be promptly repaired or replaced by the water user. In situations involving extreme health risks, as defined by the Oregon Department of Human Services, if the test fails and the device cannot be repaired immediately, the corporation may disconnect service without prior notice in accordance with 860-036-0215. In situations other than extreme health risks, a compliance date will be established of not more than sixty (60) days (or less depending upon the degree of hazard involved and the history of the device(s) in question) after the test date.

1:09 COSTS OF COMPLIANCE

All costs associated with purchase, installation, inspections, testing, replacement, maintenance, parts, and repairs of the backflow assembly are the financial responsibility of the water user.

1:10 NOTIFICATION TO WATER USERS/OWNERS

Whenever the corporation requires a water user or property owner to obtain an inspection of the premises or an inspection of an installation or device, or whenever the corporation requires a water user or property owner to install, modify, or repair a backflow assembly or other device, the corporation shall, within fourteen (14) days of the inspection, notify the user or property owner in writing. In situations where a state-approved backflow assembly is required, the corporation shall (in writing) identify the hazard or potential hazard, its type and level, and the approved backflow assembly required to control such hazard. The notice will contain a current list of state certified installers, inspectors, and testers who are available in the geographic area to do such work and a statement that the customer has the right to choose who will perform such work as long as all applicable rules, regulations, codes, and industry standards are adhered to.

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1:11 EXISTING BACKFLOW ASSEMBLY DEVICES

- (1) Any existing backflow assembly shall be allowed to continue in service unless the corporation determines that the level of hazard is such as to supersede the effectiveness of the backflow assembly device and results in an unreasonable risk to the public health. In such cases, a compliance date for repair or replacement of the backflow assembly will be established of not more than sixty (60) days (or less depending on the degree of hazard involved and the history of the device(s) in question).
- (2) Where the degree of hazard has increased, as in the case of a residential installation converting to a business establishment, any existing non-approved backflow assembly device(s) must be replaced with an approved device suitable for that level of hazard before the compliance date, which shall be established not more than sixty (60) days after the increased degree of hazard.
- (3) Preexisting approved assemblies shall be tested annually and perform satisfactorily. Some preexisting backflow assembly devices may not have testing capability. See OAR 333-061-0070(12).

1:12 TERMINATION OF SERVICE

- (1) Failure on the part of any customer to discontinue the use of all cross connections and to physically separate cross connections is sufficient cause for the discontinuance of the corporation's water service to the premises pursuant to OAR 860-036-0205 through 860-036-0245.
- (2) The failure on the part of any customer to pay any fee or charge incurred under these regulations, or the failure to comply with any other requirement of these regulations, shall be sufficient cause for discontinuance of water service pursuant to OAR 860-036-0205 (after notice in the same manner as a disconnect notice for nonpayment of charges billed for water use, OAR 860-036-0245). If such noncompliance presents an emergency endangering life or property such as danger of contamination (as certified by the Oregon Department of Human Services) or damage to the water system, the discontinuance may be immediate, without prior notice, according to OAR 860-036-0215.

1:13 RECORDS AND REPORTING REQUIREMENTS

- (1) The corporation will initiate and maintain a written cross connection control program which shall include the following:
  - (a) A current master list of facilities, and premises which are subject to inspection.
  - (b) An inspection schedule.
- (2) The corporation shall maintain the following at its main office:
  - (a) Current records, dates, and pertinent information on all backflow assembly installations, inspections, and test results; and
  - (b) A current list of state certified installers, inspectors, and testers in the area (name, address, and telephone number).
- (3) The corporation will submit an annual summary of cross connection inspections to the Oregon Department of Human Services, Drinking Water Program.

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