

**BEFORE THE PUBLIC UTILITY COMMISSION  
OF OREGON**

AR 525

In the Matter of Additions, Deletions )  
and Revisions to OAR Chapter 860, ) ORDER  
Division 036. )

**DISPOSITION: OAR 860-036-0030 AMENDED; OTHER PROPOSED  
RULE REVISIONS DENIED**

The Public Utility Commission of Oregon (Commission) opened this rulemaking docket on February 11, 2008, to consider amending the rules governing water utility regulation. On February 15, 2008, the Commission filed a Notice of Proposed Rulemaking Hearing and Statement of Need and Fiscal Impact with the Secretary of State. Notice was provided to certain legislators specified in ORS 183.335(1)(d) and to all interested persons on the service lists maintained pursuant to OAR 860-011-0001 on March 4, 2008.

Notice of the rulemaking was published in the March 2008 *Oregon Bulletin*. The Commission held a public hearing on April 21, 2008, and interested persons were given until that date to file written comments. Written comments were filed by Crooked River Ranch Water Cooperative (CRRWC), Melvin Olson, and Hiland Water Corporation. CRRWC filed a motion to extend the time for filing comments on April 28, 2008.

**DISCUSSION AND RESOLUTION**

The regulation of water utilities in Oregon is complicated. Although water utilities serving fewer than 500 customers are generally exempt from regulation, the governing statute provides opportunities for water utilities or water customers to request regulation under certain circumstances.<sup>1</sup> This statutory framework has resulted in multiple regulatory classifications, varying from unregulated to service regulated to rate regulated. The primary goal of this rulemaking is to clarify the applicability of the rules to the different water utility regulatory classifications.

To effectuate this goal, the Commission Staff used the existing water rules as a starting point. Unfortunately, the existing rules are complex and difficult to understand. Although we appreciate Staff's attempts to clarify these rules, we find that the proposed revisions ultimately fail to reach Staff's goal. We believe further revisions and refinements are necessary. Thus, with the one exception discussed below, we decline to adopt the

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<sup>1</sup> See ORS 757.061. In addition, customers of associations providing water service may file a petition requesting that the Commission regulate the association. ORS 757.063.

amended rules at this time and request that Staff continue to work on revising the rules in OAR Chapter 860, Division 036. When these further revisions are complete, we will open a new rulemaking docket and allow interested persons to file comments and participate in a public hearing. Given this decision, we deny CRRWC's request to extend the time to file comments in this docket.

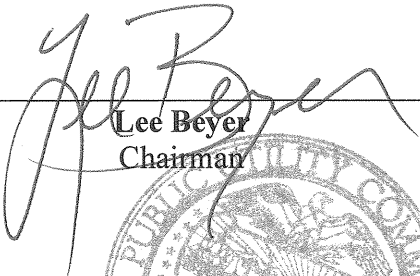
As noted above, there is one rule that we find should be updated at this time. Under ORS 757.061(6), the customers of a water utility that is exempt from regulation have the opportunity to petition the Commission to regulate the utility if the utility's rates exceed certain regulatory thresholds. The Commission establishes these thresholds by rule.<sup>2</sup> We have not recently updated the current regulatory thresholds, which are set forth in OAR 860-036-0030.<sup>3</sup> We therefore find that it is appropriate to update the regulatory threshold at this time and adopt the amendments to OAR 860-036-0030 set forth in Appendix A. Interested persons are welcome to submit further comments on the regulatory thresholds when the new rulemaking docket is opened.


### ORDER

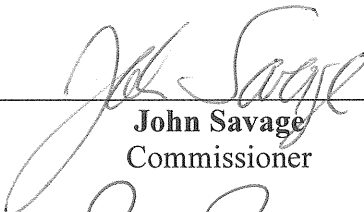
IT IS ORDERED that:

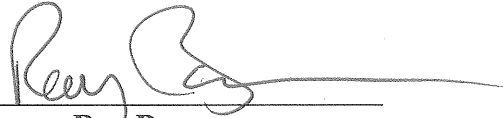
1. The modifications to Oregon Administrative Rule 860-036-0030, as set forth in Appendix A, are adopted.
2. The amended rule becomes effective upon filing with the Secretary of State.

Made, entered, and effective MAY 28 2008.

  
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**Lee Beyer**  
 Chairman



  
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**John Savage**  
 Commissioner

  
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**Ray Baum**  
 Commissioner

A person may petition the Commission for the amendment or repeal of a rule pursuant to ORS 183.390. A person may petition the Court of Appeals to determine the validity of a rule pursuant to ORS 183.400.

<sup>2</sup> See ORS 757.061(7).

<sup>3</sup> The residential rate threshold has not been updated since its adoption in 1997. Order No. 97-434. The thresholds for commercial customers have not been updated since their addition in 2003. Order No. 03-592. The standard service connection charge was last updated in 2004. Order 04-154.

**860-036-0030**

**Threshold Levels of Rates and Charges for Water Utilities Serving Fewer than 500 Customers**

As required by~~(1) Pursuant to~~ ORS 757.061~~(72)~~, the Commission adopts the following maximum rates and charges for water utilities that are not rate regulated and are serving fewer than 500 customers:

~~(a1) \$2433 annual average monthly residential rate; or small commercial service rate;~~

(2) \$33 annual average monthly service rate for small commercial customers with a meter or pipe diameter one inch or less;

~~(b3) \$85110 annual average monthly service rate for large commercial customers with a meter or pipe diameter larger than one inch;~~ and

~~(c) \$450 standard service connection.~~

~~(d4) Any service connection charge, system development impact fee, facilities charge, main line extension, or other likesimilar charge shall must be cost based. and demonstrated as such to the Commission's satisfaction uUpon the Commission's request of the Commission, a water utility must be able to demonstrate compliance with this requirement.~~

~~(2) A standard service connection is defined in OAR 860-036-0060.~~

Stat. Auth.: ORS Ch. 183, 756 & 757

Stat. Implemented: ORS 757.061

Hist.: PUC 13-1997, f. & ef. 11-12-97 (Order No. 97-434); PUC 18-2003, f. & ef. 10-6-03 (Order No. 03-592); PUC 7-2004, f. & ef. 4-9-04 (Order No. 04-154)