

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

UW 127

In the Matter of)
)
CLINE BUTTE UTILITY COMPANY) ORDER
)
Request For a General Rate Revision.)

DISPOSITION: STIPULATION ADOPTED

I. INTRODUCTION

The Cline Butte Utility Company (CBUC or the Company) filed its application on March 6, 2008, requesting an annual increase in its water rates of \$122,766, an increase of 16 percent. CBUC is located within the Eagle Crest Resort in Redmond, Oregon. The Company provides water and wastewater services to approximately 1,482 customers (residential, commercial, non-golf irrigation, and golf irrigation).¹

CBUC is an affiliated company of Eagle Crest, Inc. (Eagle Crest). Eagle Crest provides office space to CBUC, as well as the following services: customer communications, management, finance, accounting and tax, legal and regulatory, office services, purchasing services, risk management, information systems support, corporate services and miscellaneous services. An affiliated interest contract between CBUC and Eagle Crest was approved by the Commission on August 23, 2002, in Order No. 02-581.

A prehearing conference was held on April 17, 2008, at the Eagle Crest Resort in Redmond, Oregon. The only parties to appear at the prehearing conference were the Public Utility Commission Staff of Oregon (Staff) and the Company. No petitions to intervene were filed.

On June 11, 2008, CBUC and Staff submitted a stipulation, settling all issues between them. In supporting testimony Staff explains and defends the stipulation. The stipulation is attached as Appendix A.

II. STIPULATION

A. In General

The parties stipulated to an increase of revenue of 15.8 percent, compared to the 16 percent requested by the Company. In dollar terms, the amount of the rate increase is shown as \$131,294, which is about \$8,500 more than the Company requested.

¹ CBUC's wastewater service is outside the scope of this commission's jurisdiction.

Because a rate increase greater (in dollar terms) than the amount requested is an anomaly, we explain the primary factors that contributed to this result.

In its review of the Company's finances, Staff determined that the Company's test year revenues did not include \$41,071 in revenues from fees associated with Backflow Testing. According to Staff, backflow services are an above-the-line utility activity and the revenues should be included in the test year forecast. This adjustment increased the forecast of revenues at current rates from \$787,676 (per the application) to \$828,747 (as shown in Staff's testimony).

While Staff proposed numerous adjustments to the Company's test year operating expenses, these were not material factors contributing to the anomaly. The material adjustments were both downward (to Plant in Service and Accumulated Depreciation) and upward (federal and state income taxes and rate of return). The net result of the various adjustments is the stipulated test year revenue requirement of \$960,041, an increase of 15.8 percent above the (adjusted) current revenues of \$828,747.

In its application the Company included no allowance for federal and state income taxes. We consider such an omission to be an inadvertent error. The amount of taxes to be included in rates is determined by the other values adopted for revenues and expenses. It does not require independent judgment.

With regard to rate of return, the stipulated return on equity (ROE) is less than the Commission's nominal standard 10 percent return. The Staff witness states that the stipulated rate of return – 6.42 percent – is “the maximum level” to be set “while remaining within the Company's application and notice to customers.”

Whether the Commission may approve a rate increase that exceeds the amount requested by the Company is an issue that arises occasionally in water cases, where the applicants typically are not sophisticated practitioners of ratemaking. In Order No. 02-446 (likewise involving CBUC) we held that the upper limit of any rate increase is defined by the overall percentage amount stated by the Company in its notice to its customers. In this case, the overall amount of the stipulated increase – 15.8 percent – is within the bounds of the Company's rate filing (16 percent). We entertain the stipulation on its merits.

B. Revenues

As noted above, Staff found that the Company had not included revenues of \$41,071 attributable to Backflow Testing. The parties stipulate to the inclusion of these revenues in the test year results.

The Backflow Testing is provided pursuant to CBUC's tariff Schedule 7. The revenues are attributable to utility services and should be included in test year results.

C. Federal and State Taxes

In its testimony Staff reports that CBUC did not include amounts for state and federal taxes in its test year revenue deductions. Staff calculated test year taxes and added the amounts to the Company's test year results. The amounts to be recovered are \$107,414 (federal) and \$23,215 (state).

As noted above, we consider the Company's failure to include federal and state taxes to be inadvertent. In their stipulation, the parties properly include federal and state taxes as revenue deductions.

D. Test Year Expenses

Staff proposed numerous adjustments to the Company's operating expenses. Each of the adjustments is explained in Staff's testimony. The stipulation incorporates Staff's adjustments.

Because the Company provides both regulated (water) service and unregulated (wastewater service) some of its costs must be allocated between the two lines of business. Staff reviewed the Company's time evaluation records and determined that wage related expenses claimed by CBUC for water service should be adjusted downward – from 60/40 to about 55/45. However, the amount of salaries and wages included in the test year forecast increases by \$55,351, because the previous allocation factor of these costs to the water business was only 25 percent.

To allocate common expenses that are not wage related, CBUC proposed to allocate 60 percent of the costs to water. Staff developed a three-factor allocation that applied equal weightings to water and wastewater test year Net Plant, Revenues and Income, and proposed about a 51/49 split. The net effect of other adjustments to operating expenses is a reduction of about \$25,000.

E. Plant in Service

Based on its review of Company materials, Staff determined that total Plant in Service should be \$6,601,501, an increase of \$12,743 above the amount reported by CBUC. Staff also determined that only some of the plant is presently used and useful. Staff proposed an "excess capacity adjustment," based on the number of lots completed, versus the number of lots platted. The resulting adjustment is \$1,324,134, reducing the amount of used and useful Plant in Service to \$5,277,367.

Staff calculated the amount of Accumulated Depreciation, based on Average Service Lives, a method developed by the National Association of Regulatory Utility Commissioners. Staff's calculation is \$1,129,810, compared to the Company's calculation of \$2,261,425.

Staff's values of \$5,277,367 for Plant in Service and \$1,129,810 for Accumulated Depreciation yield the amount of \$4,147,557 for plant in rate base. In their stipulation, the parties adopt Staff's calculations.

F. Rate of Return

In its application, CBUC proposed a 2.5 percent rate of return. Staff proposed a 6.42 percent rate of return. In their stipulation the parties adopt Staff's proposed rate of return.

In its testimony Staff indicates that the Commission has adopted a 10 percent ROE in recent water cases. Because CBUC's capital structure is heavily weighted toward equity (80.9 percent), using the 10 percent value for ROE would result in a rate of return of 9.24 percent.

Staff indicates that the return of 6.42 percent was derived as the "maximum value" that could be adopted within the parameters of the proposed 16 percent rate increase. The resulting ROE is about 6.5 percent.

As discussed above, we determined that the limiting factor for the amount of the rate increase is the overall percentage increase amount reported by the Company in its notice to its customers. We apply this rule in this case, where the allowed return on equity is appreciably less than it might have been if the Company had been more aggressive in its rate filing.

G. Revenue Spread

In their stipulation the parties agreed that CBUC's revenue requirement should be allocated as follows: \$752,587 from residential, commercial, and non-golf irrigation customers; \$161,119 from golf irrigation customers; \$1,964 through a special contract with Eagle Crest Management Association; and \$44,370 through fees for testing backflow prevention devices.

Staff reports that it had been concerned that CBUC had understated golf-irrigation test-year revenue. To verify the "correct" revenue allocation to golf irrigation, Staff performed a cost-of-service analysis.

H. Rate Design

1. Residential, Commercial, and Non-Golf Irrigation

The parties agreed to split revenues 60/40 between base and commodity charges. However, in designing actual rates, the parties made such adjustments as they thought necessary to promote fairness.

According to Staff, from a cost-of-service perspective, there should be no differences in the water commodity rates for these customers because they all use potable water – from the same wells, same mains and same service lines. Accordingly, the parties stipulated to a single commodity rate of \$1.24 per 100 cf. for residential and commercial customers.

For residential customers the commodity rate had been \$1.34 per 100 cf. For commercial customers the rate had been \$1.01 per 100 cf.

For non-golf irrigation the rate had been \$0.25 per 100 cf. To avoid rate shock the parties agreed to set the commodity rate at \$0.52 per 100 cf.

In setting base rates Staff proposed using modified American Water Works Association (AWWA) factors, based on cost of service. The effect of using the AWWA factors is to increase the base rates to customers with larger meters. In this case, again to avoid rate shock, Staff applied modified factors for larger meters. Staff further adjusted the factors to account for differences in average consumption of residential customers, relative to commercial customers.

Adoption of Staff's method results in higher base rates for all customer classes. For the smaller residential meters the impact is nominal. Combined with the reduced commodity charge, the rate impact is an increase of about one percent for the average customer. For larger meters the increase in base rates is more substantial, resulting in greater rate impacts. The average bill increases range from 21 to 27 percent.

For commercial customers, both the base rate and the commodity rate increase (to parity with residential customers). The resulting average rate impacts range from 25 to 50 percent, depending on the size of the meters.

For non-golf irrigation customers the rate impacts are greatest, ranging from 50 percent to nearly 100 percent. These increases reflect both the increase in the base rate and the doubling of the commodity rate. The increased commodity rate is still only about 40 percent of the commodity rate of the residential and commercial customers.

2. Golf Course Irrigation

In their stipulation the parties propose to increase the base rates, but to leave the commodity rate at \$0.21 per cf. The resulting average bill increases range from 5 to 15 percent.

III. DISCUSSION

There being no intervenors, the stipulation is supported by all active parties. Staff's testimony is thorough and fully explains the basis for its proposed rates.

As discussed above, the amount of increased revenue requested in the application is less than the amount of the increase resulting from the stipulation, expressed in dollar terms. However, the amount of the increase is less than the amount requested, expressed in overall percentage terms.

In this decision we have discussed some of the factors that contributed to this result. We also applied an earlier precedent in which the Commission held that the overall percentage requested was the determining factor.

ORDER

IT IS ORDERED that:

1. Advice No. 08-23 filed by Cline Butte Utility Company is permanently suspended.
2. The stipulation attached as Appendix A is adopted.
3. Cline Butte Utility Company is authorized to file its tariffs in accord with the terms of the stipulation; the tariff sheets shall become effective July 1, 2008.

Made, entered, and effective JUN 30 2008.



Lee Beyer
Chairman



John Savage
Commissioner



Roy 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.

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BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON
UW 127

In the Matter of CLINE BUTTE)
UTILITY COMPANY'S Application) STIPULATION
For a General Rate Increase.)

Cline Butte Utility Company (the Company), appearing by and through its authorized representative, Lori Black, and the Public Utility Commission Staff (Staff) appearing by and through its attorney, Jason W. Jones, Assistant Attorney General, (Parties) enter into this agreement in settlement of all issues between them.

1.

Staff's written testimony, marked as Staff Exhibits 100 and 101 and Attachments A and B to the stipulation, will be received into evidence pursuant to this stipulation without requiring any party to lay a foundation for its admission.

2.

The Parties support and recommend the Commission adopt a 15.8 percent increase in revenues. This increase results in a total revenue requirement of \$960,041. The Parties agree that the allocation of the revenue requirement among the customer classes is as follows: \$752,587 from residential, commercial, and non-golf irrigation customers; \$161,119 from golf irrigation customers; \$1,964 from a special contract with Eagle Crest Management Association; and \$44,370 from fees associated with backflow testing. (Any difference in totals is due to rounding.)

1 3.

2 The stipulated revenue requirement is contained in Attachment A. The rates
3 stipulated to by the Parties are contained in Attachment B.

4 4.

5 The Parties agree to total revenue deductions of \$690,511 and a net operating
6 income of \$268,137. The Parties also agree that, given the revenue requirement, rate
7 base, and expenses, the Company will have a reasonable opportunity to earn a
8 6.42 percent rate of return on a total rate base of \$4,177,969.

9 5.

10 The Parties agree and support the Company charging residential metered rates
11 according to Schedule No. 1 as set forth in tariff sheet PUC Oregon No. 3, Original
12 Sheet No. 3.

13 6.

14 The Parties agree and support the Company charging commercial metered rates
15 according to Schedule No. 2 as set forth in tariff sheet PUC Oregon No. 3, Original
16 Sheet No. 4.

17 7.

18 The Parties agree and support the Company charging non-golf irrigation rates
19 according to Schedule No. 3 as set forth in tariff sheet PUC Oregon No. 3, Original
20 Sheet No. 5.

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1 8.

2 The Parties agree and support the Company charging golf irrigation rates
3 according to Schedule No. 4 as set forth in tariff sheet PUC Oregon No. 3, Original
4 Sheet No. 6.

5 9.

6 The Parties agree and support the Company charging rates to the Eagle Crest
7 Master Association according to Schedule No. 5 as set forth in tariff sheet PUC Oregon
8 No. 3, Original Sheet No. 7.

9 10.

10 The Parties agree and support the Company charging miscellaneous service
11 charges according to Schedule No. 6 as set forth in tariff sheet PUC Oregon No. 3,
12 Original Sheet No. 8.

13 11.

14 The Parties agree and support the Company charging backflow testing rates
15 according to Schedule No. 7 as set forth in tariff sheets designated PUC Oregon No. 3,
16 Original Sheets No. 9 through 11.

17 12.

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, rate spread, and design.

21 13.

22 The Parties recommend that the Commission adopt this stipulation in its entirety.
23 The Parties have negotiated this stipulation as an integrated document. Accordingly, if

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ORDER NO. 08-338

1 the Commission rejects all or any material portion of this stipulation, each Party reserves
 2 the right, upon written notice to the Commission and all Parties to this proceeding within
 3 15 days of the date of the Commission's order, to withdraw from the stipulation and
 4 request an opportunity for the presentation of additional evidence and argument.

14.

6 The Parties understand that this stipulation is not binding on the Commission in
 7 ruling on this application and does not foreclose the Commission from addressing other
 8 issues.

9 DATED this 10th day of June 2008.

10 Respectfully submitted,

11
 12 HARDY MYERS
 13 Attorney General

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 15 _____
 16 Jason W. Jones, # 00059
 17 Assistant Attorney General
 Of Attorneys for PUC Staff

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1 the Commission rejects all or any material portion of this stipulation, each Party reserves
2 the right, upon written notice to the Commission and all Parties to this proceeding within
3 15 days of the date of the Commission's order, to withdraw from the stipulation and
4 request an opportunity for the presentation of additional evidence and argument.

5 14.

6 The Parties understand that this stipulation is not binding on the Commission in
7 ruling on this application and does not foreclose the Commission from addressing other
8 issues.

9 DATED this 9th day of June 2008.

10
11 

12
13 Lori Black
14 Authorized Representative
15 Cline Butte Utility Company
16

Cline Butte Utility Company
UW 127
Test Year: 2007

Company Case
15.3%
Staff
15.8%

Acct. No.		A	B	C	D	E	F	G	
		Balance Per Application Test Year: 2007	Proposed Company Adjustments	Adjusted Results (A+B=C)	Proposed Staff Adjustments	Adjusted Results (A+D=E)	Staff Proposed Rev Changes	Proposed Results (E+F=G)	
REVENUES									
1	461.1	Res/Com/Irr Water Sales	590,942	91,890	682,832	110,435	701,377	51,210	752,587
2	461.2	Commercial / Industrial Water Sales	30,802	14,720	45,522	(30,802)	0	0	0
3	465	Irrigation - Non GC	58,695	11,547	70,242	(58,695)	0	0	0
4	462	Irrigation - Golf Courses	105,273	3,980	109,253	44,883	150,156	10,963	161,119
5	475	Cross Connection Control Program	41,071	8,929	50,000	3,299	44,370	0	44,370
6	468	Special Contracts	1,964	629	2,593	0	1,964	0	1,964
7		TOTAL REVENUE	828,747	131,695	960,442	69,119	897,866	62,174	960,041
OPERATING EXPENSES									
10	601	Salaries and Wages - Employees	54,911	77,089	132,000	55,351	110,262		110,262
11	603	Salaries and Wages - Officers			0	0	0		0
12	604	Employee Pension & Benefits	7,129	24,503	31,632	8,872	16,001		16,001
13	610	Purchased Water	1,954	0	1,954	(1,954)	0		0
14	611	Telephone/Communications	1,019	(259)	760	(259)	760		760
15	615	Purchased Power	96,107	(21,107)	75,000	0	96,107		96,107
16	618	Chemical / Treatment Expense			0	0	0		0
17	619	Office Supplies	7,941	(341)	7,600	(5,398)	2,543		2,543
18	619.1	Postage			0	5,565	5,565		5,565
19	620	O&M Materials/Supplies	33,453	(6,289)	27,164	(11,702)	21,751		21,751
20	621	Repairs to Water Plant	0	0	0	8,115	8,115		8,115
21	631	Contract Svcs - Engineering	11,469	(2,969)	8,500	(2,969)	8,500		8,500
22	632	Contract Svcs - Accounting	48,779	17,221	66,000	(48,779)	0		0
23	633	Contract Svcs - Legal	6,955	(6,409)	546	(6,955)	0		0
24	634	Contract Svcs - Management Fees			0	43,720	43,720		43,720
25	635	Contract Svcs - Testing	242	118	360	2,892	3,134		3,134
26	636	Contract Svcs - Labor			0	0	0		0
27	637	Contract Svcs - Billing/Collection			0	0	0		0
28	638	Contract Svcs - Meter Reading			0	0	0		0
29	639	Contract Svcs - Other			0	2,411	2,411		2,411
30	641	Rental of Building/Real Property	1,500	2,100	3,600	1,248	2,748		2,748
31	642	Rental of Equipment			0	88	88		88
32	643	Small Tools	1,039	461	1,500	331	1,370		1,370
33	648	Computer/Electronic Expenses	0	1,400	1,400	0	0		0
34	650	Transportation	1,705	2,255	3,960	3,094	4,799		4,799
35	656	Vehicle Insurance	2,250	3,232	5,482	2,635	4,885		4,885
36	657	General Liability Insurance	7,783	2,370	10,153	(4,112)	3,671		3,671
37	658	Workers' Comp Insurance	331	(331)	0	400	731		731
38	659	Insurance - Property	342	(342)	0	354	696		696
39	660	Public Relations/Advertising	3,413	(3,413)	0	(3,413)	0		0
40	666	Amortz. of Rate Case			0	1,050	1,050		1,050
41	667	Gross Revenue Fee (PUC)	2,463	125	2,588	(1,413)	1,050	155	1,205
42	668	Water Resource Conservation			0	1,954	1,954		1,954
43	670	Bad Debt Expense	2,281	(2,281)	0	(2,281)	0		0
44	671	Cross Connection Control Program	30,649	(18,049)	12,600	(19,226)	11,423		11,423
45	672	System Capacity Dev Program			0	0	0		0
46	673	Training and Certification	5,847	(3,367)	2,480	(3,367)	2,480		2,480
47	674	Consumer Confidence Report			0	0	0		0
48	675	General Expense	4,908	1,592	6,500	4,224	9,132		9,132
49		TOTAL OPERATING EXPENSE	334,470	67,309	401,779	30,475	364,945	155	365,101
OTHER REVENUE DEDUCTIONS									
52	403	Depreciation Expense	331,186	0	331,186	(188,191)	142,995		142,995
53	407	Amortization Expense			0	0	0		0
54	408.11	Property Tax			0	43,000	43,000		43,000
55	408.12	Payroll Tax			0	8,786	8,786		8,786
56	408.13	Other	54,278	7,784	62,062	(54,278)	0		0
57	409.11	Oregon Income Tax*	3,878	3,726	7,604	15,254	19,132	4,083	23,215
58	409.10	Federal Income Tax*	51,260	49,262	100,522	37,262	88,522	18,892	107,414
59		TOTAL REVENUE DEDUCTIONS	775,072	128,082	903,153	(107,691)	667,381	23,130	690,511
60		NET OPERATING INCOME	53,675	3,613	57,289	176,810	230,485	37,652	268,137
62	101	Utility Plant in Service	6,588,758	0	6,588,758	12,743	6,601,501		6,601,501
63		Less:					0		0
64		Excess Capacity				1,324,134	1,324,134		1,324,134
65	108.1	Depreciation Reserve	2,261,425		2,261,425	(1,131,615)	1,129,810		1,129,810
66	271	Contributions in Aid of Const			0	0	0		0
67	272	Amortization of CIAC			0	0	0		0
68	281	Accumulated Deferred Income Tax			0	0	0		0
69		Net Utility Plant	4,327,333	0	4,327,333	(179,776)	4,147,557	0	4,147,557
70		Plus: (working capital)							
71	151	Materials and Supplies Inventory		0	0	0	0		0
72		Working Cash (Total Op Exp /12)	27,873	5,609	33,482	2,539	30,412	0	30,412
73		TOTAL RATE BASE	4,355,206	5,609	4,360,815	(177,237)	4,177,969	0	4,177,969
74		Rate of Return	1.23%		1.31%		5.52%		6.42%

* Oregon & Federal Income Taxes in Columns A, B & C were calculated by Staff.

Company	Staff
number of custor	1,479
op/exp/cust/year	\$272
Cash Flow	388,475
	411,132

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

NAMING RATES FOR

CLINE BUTTE UTILITY COMPANY

(name of utility)

1230 GOLDEN PHEASANT DRIVE

(address)

REDMOND, OREGON 97756

(city, state, & zip code)

(541) 504-2305 (Business Office)

(541) 604-0043 (Emergency)

(telephone numbers and type)

Serving water in the vicinity of

EAGLE CREST RESORT, REDMOND, OREGON

Issue Date		Effective Date	
Issued By	Cline Butte Utility Company <i>(at least 30 days after PUC receives filing)</i>		
Signature			
Name & Title	Lori Black, Consultant		

ADVICE NO. _____
(PUC USE ONLY)

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Issue Date		Effective Date	
Issued By	Cline Butte Utility Company <i>(at least 30 days after PUC receives filing)</i>		
Signature			
Name & Title	Lori Black, Consultant		

ADVICE NO. _____
 (PUC USE ONLY)

SCHEDULE NO. 1

RESIDENTIAL METERED RATES

Available: To customers of the Utility at Eagle Crest, Redmond, Oregon, and vicinity.

Applicable: To residential premises.

BASE RATE

Service Meter Size	Monthly Base Rate	Usage Allowance	Unit of Measure
5/8 or 3/4 inch	\$27.20	None	cubic feet
1 inch	\$39.44	None	cubic feet
1½ inch	\$42.16	None	cubic feet
2 inch	\$43.25	None	cubic feet

COMMODITY USAGE RATE

Commodity Rate	Per	Number of Units	Unit of Measure	Above	Base Usage Allowance	Unit of Measure
\$1.24	Per	100	cubic feet	Above	None	cubic feet

Special Provisions:

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

Issue Date		Effective Date	
Issued By	Cline Butte Utility Company <i>(at least 30 days after PUC receives filing)</i>		
Signature			
Name & Title	Lori Black, Consultant		

SCHEDULE NO. 2

COMMERCIAL / INDUSTRIAL METERED RATES

Available: To customers of the Utility at Eagle Crest, Redmond, Oregon, and vicinity.

Applicable: To commercial/industrial premises.

BASE RATE

Service Meter Size	Monthly Base Rate	Usage Allowance	Unit of Measure
5/8 or 3/4 inch	\$27.20	None	cubic feet
1 inch	\$40.80	None	cubic feet
1½ inch	\$108.80	None	cubic feet
2 inch	\$190.39	None	cubic feet

COMMODITY USAGE RATE

Commodity Rate	Per	Number of Units	Unit of Measure	Above	Base Usage Allowance	Unit of Measure
\$1.24	Per	100	cubic feet	Above	None	cubic feet

Special Provisions:

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

Issue Date		Effective Date	
Issued By	Cline Butte Utility Company <i>(at least 30 days after PUC receives filing)</i>		
Signature			
Name & Title	Lori Black, Consultant		

SCHEDULE NO. 3

IRRIGATION (NON GOLF) METERED RATES

Available: To customers of the Utility at Eagle Crest, Redmond, Oregon, and vicinity.

Applicable: To irrigation customer and premises.

BASE RATE

Service Meter Size	Monthly Base Rate	Usage Allowance	Unit of Measure
5/8 inch or 3/4 inch	\$10.88	None	cubic feet
1 inch	\$21.76	None	cubic feet
1½ inches	\$43.52	None	cubic feet
2 inches	\$87.04	None	cubic feet
4 inches	\$174.07	None	cubic feet
6 inch	\$348.15	None	cubic feet

COMMODITY USAGE RATE

Commodity Rate	Per	Number of Units	Unit of Measure	Above	Base Usage Allowance	Unit of Measure
\$0.52	Per	100	cubic feet	Above	None	cubic feet

Special Provisions:

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

Issue Date		Effective Date	
Issued By	Cline Butte Utility Company <i>(at least 30 days after PUC receives filing)</i>		
Signature			
Name & Title	Lori Black, Consultant		

SCHEDULE NO. 4

GOLF COURSE METERED RATES

Available: To customers of the Utility at Eagle Crest, Redmond, Oregon, and vicinity.

Applicable: To golf course customer and premises.

BASE RATE

Service Meter Size	Monthly Base Rate	Usage Allowance	Unit of Measure
4 inch	\$1,167.08	None	cubic feet
6 inch	\$2,334.16	None	cubic feet
8 inch	\$4,084.78	None	cubic feet
12 inch	\$7,002.48	None	cubic feet

COMMODITY USAGE RATE

Commodity Rate	Per	Number of Units	Unit of Measure	Above	Base Usage Allowance	Unit of Measure
\$0.213	Per	100	cubic feet	Above	None	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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ADVICE NO. _____
(PUC USE ONLY)

SCHEDULE NO. 5

**ECMA SPECIAL CONTRACT FOR IRRIGATION AND
 STANDBY FIRE AND DOMESTIC SERVICE**

Available: To the Eagle Crest Master Association Property at Eagle Crest, Redmond, Oregon.

Applicable: To customers of Eagle Crest Master Association at Eagle Crest, Redmond, Oregon.

Base Rate

Monthly Base Rate	Usage Allowance	Unit of Measure
\$150.00	None	cubic feet

COMMODITY USAGE RATE

Commodity Rate	Per	Number of Units	Unit of Measure	Above	Base Usage Allowance	Unit of Measure
\$0.52	Per	100	cubic feet	Above	None	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. 6

MISCELLANEOUS SERVICE CHARGES

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

Connection Charge for New Service (Rule No. 9)

Standard 3/4-inch service	At cost
Nonstandard 3/4-inch service or larger than 3/4 inch	At cost
Standard irrigation hookup (if provided on separate system)	At cost
Nonstandard irrigation hookup (if provided on separate system)	At cost

Meter Test (Rule No. 21)

First test within 12-month period	N/C
Second test within 12-month period	\$25.00

Pressure Test (Rule No. 40)

First test within 12-month period	N/C
Second test within 12-month period	\$25.00

Late-Payment Charge (Rule No. 22)

Charged on amounts more than 30 days past due	Pursuant to OAR 860-036-0130 (as of 1/1/08 – 1.7%)
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Deposit for Service (Rule No. 5)

Pursuant to OAR 860-036-0040(2)	Pursuant to OAR 860-036-0050 (as of 1/1/08 – 4%)
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Returned-Check Charge (Rule No. 23)

\$15.00 each occurrence

Trouble-Call Charge (Rule No. 36)

During normal office hours	\$25.00 per hour
After normal office hours on special request	\$50.00 per hour

Disconnection Charge/Reconnection Charge (Rule No. 28 & 29)

During normal office hours	\$25.00
After normal office hours on special request	\$50.00

Voluntary Discontinuance (Rule No. 26)

(Made at customer request)	
During Normal Office Hours	\$25.00
After normal office hours on special request	\$50.00

Unauthorized Restoration of Service (Rule No. 30)

Reconnection charge plus costs

Damage/Tampering Charge (Rule No. 34)

At cost

Disconnect-Visit Charge (Rule No. 29)

\$15.00

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SCHEDULE NO. 7

CROSS CONNECTION CONTROL PROGRAM &
BACKFLOW PREVENTION DEVICE SERVICES FEES

PURPOSE

Cline Butte Utility Company desires to offer backflow prevention device services to customers who own backflow prevention devices.

AVAILABLE

To customers of Cline Butte Utility Company, Eagle Crest Resort, Redmond, Oregon, and vicinity.

APPLICABLE

To residential and commercial/industrial premises with backflow prevention devices installed at the meter.

PROGRAM DESCRIPTION

Service plans include:

1. Testing of newly installed devices prior to hook up to the Company's water system.
2. The required annual backflow prevention device testing by a state certified tester pursuant to Oregon Administrative Rules 333-061-0070 through OAR 333-061-0072.
3. Maintenance and repairs on the customer-owned backflow prevention device.

Cline Butte Utility Company offers the following plans and payment options for services provided by the Company:

1. Testing of new devices.
2. Required annual device testing.
3. Payment is due upon completion of services rendered.

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BILLING RATES

Double Check Devices

New device 1" and under	\$45
New device over 1"	\$60
New device over 2"	\$85
Commercial Property	Additional \$20 per device
Existing device 1" and under	\$30
Existing device over 1"	\$45
Existing device over 2"	\$85
Commercial Property	Additional \$10 per device
Additional device(s)* tested during same site visit	Discount <\$10>

*Excludes RPs

Reduced Pressure Backflow Preventer Device (RP)

1" and under	\$45
Over 1"	\$60

Miscellaneous

Confined space entry fee	\$100
Labor for maintenance & repair of device (1 hr. min.)	\$50 per hour
Parts	At Cost

Special Provisions

General

1. The customer is under no obligation to use the Company's backflow protection device testing services.
2. The customer can choose any qualified company or individual to test his/her backflow prevention device.

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3. Customers who choose not to use the Company's backflow prevention services must sign the written refusal and return it to the Company. Customers who choose to continue not using the Company's backflow prevention services must each year notify the Company of the name of the company chosen and date backflow test is scheduled.
4. The Company will provide each customer with notification of the backflow prevention service options being offered. The notification shall include (1) an agreement for service that allows the customer to indicate which plan and payment arrangement the customer chooses, and (2) a written refusal of the Company's service.
5. The Company reserves the right to propose before the OPUC any change in the amount charged for the backflow prevention device testing, maintenance, and repair services.
6. Customers will be given the choice of accepting or rejecting a new agreement in advance of any rate increase.
7. The Company will separately itemize the backflow prevention device service fee on customer bills.

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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 CLINE BUTTE UTILITY COMPANY
(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.

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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)

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.

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Rule 9: Service Connection Charge

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

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

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

Rule 11: Main Line Advances and Refunds Policy

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

For a period of five (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.

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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; 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.

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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.

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.

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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.

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.

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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.

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.

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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.

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.

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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)

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)

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*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.

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

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

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

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

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

Rule 43: Cross Connection/Backflow Prevention Program

See Cline Butte Utility Company's Cross Connection Resolution on file with the Commission.

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