

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

AR 539

In the Matter of Setting Regulatory
Thresholds for Metered Water Systems.

ORDER

DISPOSITION: MODIFICATIONS TO RULES ADOPTED

This proceeding was convened to respond to SB 623, passed by the 2009 Oregon Legislature, requiring the Public Utility Commission of Oregon (Commission) to encourage metered water systems for water utilities serving fewer than 500 customers by establishing a higher maximum rate for water utilities with metered water systems than for water utilities with unmetered systems. On September 15, 2009, the Public Utility Commission of Oregon (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 September 16, 2009. Notice of the rulemaking hearing was also published in the October 2009 *Oregon Bulletin*.

The hearing was held on November 5, 2009. The Staff of the Public Utility Commission of Oregon (Staff) was the only participant to appear at the hearing. At the hearing, Staff made a brief presentation summarizing the proposed rule changes and the methods used to calculate the proposed thresholds.

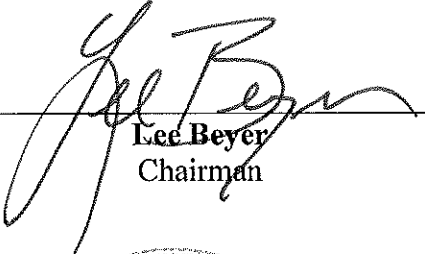
As specified in the hearing notice, the deadline for filing written comments was the close of hearing. No written comments were filed. The proposed rule amendments should be adopted as written.

ORDER


IT IS ORDERED that:

1. The modifications to Oregon Administrative Rules 860-036-0010 and 860-036-0030, as shown in Appendix A, are adopted.
2. The rules become effective upon filing with the Secretary of State.

Made, entered, and effective NOV 23 2009.



Lee Beyer
Chairman



John Savage
Commissioner



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.

860-036-0010

Definitions for Water Utilities and Associations

As used in division 036:

- (1) "Actual cost" means the direct cost of parts, materials and labor of a specific item or project separated from indirect costs.
- (2) "Applicant" means a person who:
 - (a) Applies for service with a utility; or
 - (b) Reapplies for service at a new or existing location after service has been discontinued.
- (3) "Association" means an incorporated or homeowner association providing water service, as defined in ORS 757.005.
- (4) "Co-customer" means a person who meets the definition of "customer" and is jointly responsible with another person for payments for water utility service on an account with the water utility. If only one of the co-customers discontinues service in his/her name, the remaining co-customer shall retain customer status only if he/she reapplies for service in his/her own name within 20 days of such discontinuance provided the water utility contacts the co-customer or mails a written request for an application to the remaining co-customer within one business day of the discontinuance.
- (5) "Commercial customer" means a customer who performs or produces a service or product that is a source of revenue, income or livelihood to the customer or others using the premises.
- (6) "Commission" means the Public Utility Commission of Oregon.
- (7) "Contributions in aid of construction" means any money, services or property received by a water utility to fund capital investments at no cost to the company with no obligation to repay.
- (8) "Construction work in progress (CWIP)" means account 105 in the utility plant section of the balance sheet representing the costs of utility plant under construction but not yet placed in service.
- (9) "Cooperative" means a cooperative corporation as defined in ORS Chapter 62.
- (10) "Cost-based" means the direct and indirect costs of a specific item or project, including overhead and a reasonable expected return on investment.
- (11) "Customer" means a person who has applied for, been accepted, and is currently receiving service unless otherwise noted. Notwithstanding section (1) of this rule, a customer

who voluntarily disconnects service and subsequently asks for service with the same water utility at a new or existing location within 20 days after disconnection retains customer status.

(12) "District" means a corporation as defined under ORS Chapter 198.

(13) "Emergency" means an extraordinary interruption of the usual course of water service by a natural cause, an unforeseen event, or a combination of unexpected circumstances; an urgent need for assistance or relief; or the resulting state that calls for immediate action.

(14) "End-user" means a domestic water user.

(15) "Exempt water company" means a water company that meets the definition of a public utility in ORS 757.005, but is exempt from regulation as provided in ORS 757.005(1)(b)(E).

(16) **"Flat rate" means a periodic stated charge for utility service not based on metered quantity of service. Such a rate is used where service is provided on an unmetered basis.**

(17) "Forced connection" means a water utility or its customers being required by law, regulation, rule, or company policy to retrofit, improve, or change the original service connection. All retrofits, improvements, additions or changes to the original service connection will be the operational and financial responsibility of the company, with the following exceptions (1) any national or state laws or rules clearly assigning such costs to the customer, or (2) the Commission otherwise approves as provided in OAR 860-036-0105(1) and (2).

(178) "Formal complaint" means a written complaint filed with the Commission's Administrative Hearings Division.

(189) "Large commercial customer" means a commercial customer with a meter or pipe diameter of two inches or larger.

(1920) "Mainline extension" means the extension of a main line to an area not previously served. If the main line extension is required at the request of a potential customer to receive service, the cost of such extension shall comply with the water utility's main line extension policy.

(21) **"Metered rate" means a periodic stated charge for utility service that is based on metered quantity of water consumed.**

(202) "Meter set" means the parts, material, and labor necessary to install a meter. The meter set assembly is owned, installed, and maintained by the utility. The meter set does not include any components of the service connection required to provide unmetered service.

(23) “Metered system” means a water system that uses a meter to measure consumption of water and uses a metered rate as a charge to customers.

(214) "People's utility district" (PUD) means a corporation as defined in ORS Chapter 261.

(225) "Public utility" has the meaning given the term in ORS 757.005 and 757.061. The term does not include districts, People's Utility Districts (PUDs), cooperatives, or municipalities.

(236) "Rate-regulated utility" means a water utility that is not exempt from certain financial regulations and conditions under ORS 757.061.

(247) "Registered dispute" means an unresolved issue between a customer or applicant and a water utility that is under investigation by the Commission's Consumer Services, but is not the subject of a formal complaint.

(258) "Residential customer" means a customer who receives domestic or irrigation water in residential areas and is not considered a commercial customer.

(269) "Small commercial customer" means a commercial customer with a meter or pipe diameter of less than two inches.

(2730) "System development fee or charge" is the proportionate fee charged by a water company prior to service being initiated that encompasses the cost of the system allocated to all potential customers.

(31) “Unmetered system” means a water system that does not use a meter to measure consumption and uses a flat rate to charge customers.

(2832) "Utility" means any water utility, except when a more limited scope is explicitly stated.

(2933) "Water utility" has the same meaning as public utility in section (22) of this rule, except if a more limited scope is explicitly stated.

Stat. Auth.: ORS 183, 756 & 757

Stats. Implemented: ORS 756.040, 756.105 & 757.061

Hist.: PUC 13-1997, f. & cert. ef. 11-12-97; PUC 3-1999, f. & cert. ef. 8-10-99; PUC 9-1999(Temp), f. 10-22-99, cert. ef. 10-23-99 thru 4-19-00; PUC 9-2001, f. & cert. ef. 3-21-01; PUC 22-2001(Temp), f. & cert. ef. 9-26-01 thru 3-24-02; PUC 8-2002, f. & cert. ef. 2-26-02; PUC 18-2003, f. & cert. ef. 10-6-03; PUC 24-2003(Temp), f. & cert. ef. 12-10-03 thur 6-7-04; PUC 7-2004, f. & cert. ef 4-9-04

860-036-0030

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

As required by ORS 757.061(7), the Commission adopts the following maximum rates and charges for water utilities that are not rate regulated and are serving fewer than 500 customers:

- (1) ~~\$33~~**An** annual average monthly residential rate **of \$33 for unmetered water systems and \$36 for metered water systems;**
- (2) ~~\$33~~**An** annual average monthly service rate for small commercial customers with a meter or pipe diameter one inch or less **of \$33 for unmetered water systems and \$36 for metered water systems;**
- (3) ~~\$110~~**An** annual average monthly service rate for large commercial customers with a meter or pipe diameter larger than one inch **of \$110 for unmetered water systems and \$119 for metered water systems;** and
- (4) Any service connection charge, system impact fee, facilities charge, main line extension, or other similar charge must be cost based. Upon the Commission's request, a water utility must be able to demonstrate compliance with this requirement.

Stat. Auth.: ORS 183, 756 & 757

Stats. Implemented: ORS 757.061

Hist.: PUC 13-1997, f. & cert. ef. 11-12-97; PUC 18-2003, f. & cert. ef. 10-6-03; PUC 7-2004, f. & cert. ef. 4-9-04; PUC 2-2008, f. & cert. ef. 5-30-08