

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

UW 185

In the Matter of

ROATS WATER SYSTEM, INC.,

Request for a General Rate Revision.

ORDER

DISPOSITION: STIPULATION ADOPTED

I. INTRODUCTION

In this order, we adopt an uncontested stipulation between the active parties resolving all issues related to the application for a general rate revision by Roats Water System, Inc. (Roats). A copy of the stipulation is attached to this order, as Appendix A, with Attachment A (Revenue Requirement) and proposed tariffs. As a result of this stipulation, Roats' annual revenues will increase from \$2,176,982 to \$2,348,413, representing an increase of \$171,431 or 7.87 percent. The stipulation includes an agreement to allow Roats to earn a Rate of Return (RoR) of 8.36 percent on a total rate base of \$3,691.307.

II. BACKGROUND

Roats is a rate- and service-regulated water utility, organized as a corporation, located in Bend, Oregon. Roats' water system was constructed and began providing water service in 1963. Roats serves approximately 3,213 residential and commercial customers and 784 irrigation customers. Roats' current rates became effective on April 1, 2017.¹ In Order No. 17-123, we adopted stipulations and approved rates based on Roats' acquisition of the Juniper Water System, and total annual revenues of \$2,001,698.²

On April 30, 2021, Roats filed an application for a general rate revision.³ The application used a test year of October 1, 2019, to September 30, 2020. The water company

¹ See *In the Matter of Roats Water System, Inc.*, Docket No. UW 166, Order No. 17-123 (Mar 29, 2017).

² Staff/100, Beitzel/5.

³ Roats filed tariff sheets in Advice No. 21-1. In Order No. 21-153, we suspended the tariff sheets for a period of time no longer than nine months from June 1, 2021, and opened the above-captioned docket to investigate the propriety and reasonableness of the tariff sheets under ORS 757.210 and 757.215.

requested to increase total annual revenues by \$190,156 (8.73 percent) over 2020 revenues of \$2,176,982. Roats' request reflected a RoR of 8.32 percent, computed using a Return on Equity (ROE) of 9.5 percent and a Cost of Debt of 6.6 percent, with a 60:40 (Equity:Debt) capital structure. Roats' current rates have been in effect for over four years, and Roats asserts that an increase in rates is needed due to increases in operating expenses, including wages, supplies and materials, electricity, and leasing costs

In Order No. 21-153, we suspended Roats' filing to conduct a comprehensive examination of the company's revenues, expenses, proposed adjustments, rate base, capital improvements, cost of capital, and rate spread and design. A public comment hearing and prehearing conference were held on June 3, 2021. The petition to intervene of Blake Gesik was granted on July 13, 2021. Staff issued numerous data requests regarding Roats' operating expenses and other components of the rate filing. Additionally, Staff compared the test year to data from the prior two years of data to evaluate the appropriateness of each expense account request, compared payroll information with American Water Works Association (AWWA) standards and comprehensively reviewed plant assets. A settlement conference by video conference was held on August 5, 2021.

On September 1, 2021, Staff filed a motion indicating that a comprehensive settlement in principle had been reached that sought suspension of the remaining procedural schedule while documents memorializing and supporting the settlement were developed. The motion was granted on an expedited basis on September 2, 2021. On November 1, 2021, a stipulation signed by Roats and Staff of the Public Utility Commission of Oregon (collectively, Stipulating Parties) was filed, as was Staff's testimony and exhibits supporting the stipulation. The stipulation was uncontested.⁴

III. THE STIPULATION

The stipulation presents a comprehensive settlement of all issues arising from Roats' filing. The Stipulating Parties recommend, and request, we approve the stipulation in its entirety.

As a result of settlement discussions, the stipulating parties agree to a total annual revenue requirement for Roats of \$2,348,413. This revenue requirement represents an increase of \$171,431, or 7.87 percent, over 2020 test period revenues. This revenue requirement reflects adjustments to Roats' operating expenses, as well as other revenue deductions agreed to by the Stipulating Parties. The revenue requirement includes an opportunity for Roats to earn an 8.36 percent rate of return on an adjusted rate base of

⁴ The only intervenor did not join but does not oppose the stipulation.

\$3,691,307.⁵ The stipulated revenue requirement and the agreed upon adjustments are set forth in Attachment A to the Stipulation.

Attachment B to the Stipulation provides new rates schedules based on the stipulated revenue requirement for each class of service provided by Roats. Schedule 1, included in Attachment B, also reflects the stipulating parties' agreement to move three line-sizes closer to industry standards (AWWA). The stipulation identifies the effective date of the new rates as the later of either January 1, 2022, or three business days after issuance of an order adopting the Stipulation.

IV. RESOLUTION


We reviewed the stipulation, its attachments, and the supporting testimony and exhibits. We find that the stipulation is a reasonable resolution of all issues presented in the docket. We adopt the stipulation in its entirety, with an effective date of January 1, 2022.

V. ORDER

IT IS ORDERED that:

1. Advice No. 21-1 filed by Roats Water System, Inc., is permanently suspended.
2. The stipulation between Roats Water System, Inc., and Staff of the Public Utility Commission of Oregon, attached as Appendix A, is adopted.
3. Roats Water System, Inc., is authorized to immediately file tariffs in accordance with the adopted stipulation, with an effective date of January 1, 2022.

Made, entered, and effective Dec 16 2021.



Megan W. Decker
Chair



Letha Tawney
Commissioner



Mark R. Thompson
Commissioner

⁵ Stipulation at 1.

A party may request rehearing or reconsideration of this order under 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 860-001-0720. A copy of the request must also be served on each party to the proceedings as provided in OAR 860-001-0180(2). A party may appeal this order by filing a petition for review with the Court of Appeals in compliance with ORS 183.480 through 183.484.

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

UW 185

In the Matter of

ROATS WATER SYSTEM, Inc.

Request for a General Rate Revision

STIPULATION

This Stipulation is among Roats Water System, Inc. (Roats or the Company) and the Public Utility Commission of Oregon Staff (Staff), hereafter collectively referred to as the Stipulating Parties.

I. INTRODUCTION

On April 30, 2021 Roats filed a request for a General Rate Revision. In its application, Roats sought to increase its adjusted test period revenues from \$2,176,992 to \$2,367,138, an increase of 8.73 percent.

The Stipulating Parties reviewed the Company's filing and responses to data requests from Staff and held a settlement conference to discuss and address the issues in this case. As a result of those discussions, the Stipulating Parties have reached agreement on all issues as set forth in this Stipulation. The Stipulating Parties respectfully request that the Commission issue an order adopting this Stipulation.

II. TERMS OF THE STIPULATION

The Stipulating Parties agree as follows:

1. Revenue Requirement. The Stipulating Parties agree to recommend and support a total revenue requirement of \$2,348,413, as shown in Attachment A, to be collected in rates as set forth in Attachment B to this Stipulation. This revenue requirement includes an agreed-upon 8.36 percent rate of return on a total rate base of \$3,691,307 and represents a 7.87 percent

1 increase over 2020 test period revenues. The stipulated revenue requirement and adjustments are
2 included as Attachment A to this Stipulation.

3 2. Rate Effective Date. The Stipulating Parties agree to and support rates being
4 effective for service rendered on and after January 1, 2022 or three business days after the date
5 the Commission issues an order adopting this Stipulation, whichever is later.

6 3. Rate Base and Accumulated Depreciation. The Stipulating Parties agree that
7 stipulated rates set forth in Attachment B reflect rate base additions from the Company's last
8 general rate case through 2021 and accumulated depreciation through December 31, 2021
9 associated with these rate base assets. The Stipulating Parties further agree that Roats' capital
10 additions included in Attachment A are prudent and used and useful as of the rate-effective date
11 in this case.

12 4. Affiliated Interest Filings. Roats agrees that it will file the appropriate Affiliated
13 Interest filing related to all owners of the utility who receive employment compensation from
14 Roats as soon as reasonably possible.

15 5. AWWA Factors. The Stipulating Parties recognize that the stipulated Schedule 1
16 included in Attachment B will move the three line sizes that currently aren't aligned with the
17 standard American Water Works Association (AWWA) factors closer to the standard AWWA
18 factors. The Stipulating Parties agree to work toward meter equivalency (i.e., full alignment with
19 standard AWWA factors) as appropriate, and to consult on this issue, prior to the filing of the
20 Company's next rate case.

21 6. Accumulated Deferred Income Taxes and Excess Deferred Income Taxes.

22 Related to the Tax Cuts and Jobs Act (TCJA) of 2017, the Stipulating Parties agree to:

23 a. An Accumulated Deferred Income Tax (ADIT) adjustment of \$70,226, which
24 represents the Deferred Tax Rate Base asset associated with taxable Contributions in Aid of
25 Construction assets received after the passage of the TCJA, and

26

1 b. Prior to the next rate case, engage in a discussion on appropriate treatment of Excess
2 Deferred Income Taxes (EDIT).

3 7. The Stipulating Parties agree that this Stipulation is in the public interest and, in
4 the unique circumstances present in this case, will result in rates that are fair, reasonable, and
5 will meet the standard set forth in ORS 756.040.

6 8. The Stipulating Parties have negotiated this Stipulation in good faith and
7 recommend that the Commission adopt the Stipulation in its entirety.

8 9. The Stipulating Parties agree that the Stipulation represents a compromise in the
9 positions of the Stipulating Parties. By entering into this Stipulation, no Stipulating Party shall
10 be deemed to have approved, accepted, or consented to the facts, principles, methods, or theories
11 employed by any other Stipulating Party in arriving at the terms of this Stipulation.

12 10. The Stipulating Parties agree that without the written consent of all Stipulating
13 Parties, evidence of conduct or statements, including but not limited to term sheets or other
14 documents created solely for use in settlement conferences in this docket, and conduct or
15 statements made at settlement conferences, are confidential and not admissible in this or any
16 subsequent proceeding, unless independently discoverable or offered for other purposes allowed
17 under ORS 40.190.

18 11. The Stipulating Parties support entering into evidence, without requiring any
19 Stipulating party to lay a foundation for its admission, this Stipulation, Stipulation attachments A
20 (revenue requirement), and B (tariffs), Staff's written testimony in support of the Stipulation
21 (Exhibit Staff/100), and additional supporting exhibits.

22 12. The Stipulating Parties understand that this Stipulation addresses only Roats'
23 request for a general rate increase in this instance, is not binding on the Commission in deciding
24 Roats' application for a general rate increase, and does not foreclose the Commission from
25 addressing any other issues or foreclose a Stipulating Party from raising other issues in a
26 different proceeding.

1 13. The Stipulating Parties have negotiated this Stipulation as an integrated
2 document. Accordingly, if the Commission rejects all or any material portion of this Stipulation,
3 or adds any material condition to any final order that is not consistent with this Stipulation, each
4 Stipulating Party reserves the right, upon written notice to the Commission and all parties to this
5 proceeding within 15 days of the date of the Commission's final order, to withdraw from the
6 Stipulation and to present additional evidence and argument on the record. However, prior to
7 withdrawal, any Stipulating Party who wishes to withdraw must engage in good faith negotiation
8 with the other Stipulating Parties. No Stipulating Party withdrawing from this Stipulation shall
9 be bound to any position, commitment, or condition of this Stipulation. Nothing in this
10 paragraph provides any Stipulating Party the right to withdraw from this Stipulation as a result of
11 the Commission's resolution of issues that this Stipulation does not resolve.

12 14. The Stipulating Parties agree to support Commission approval of the Stipulation,
13 throughout this proceeding and any subsequent appeal, and to provide witnesses to sponsor
14 testimony. If any other party to this proceeding challenges this Stipulation or if any other
15 interested person objects to this Stipulation in comments, the Stipulating Parties agree to
16 cooperate in responding to bench requests, preparing supplemental testimony, and participating
17 in cross-examination and to put on such a case as they deem appropriate to respond fully to the
18 issues presented, which may include addressing issues incorporated in the settlements embodied
19 in this Stipulation.

20 15. This Stipulation may be executed in any number of counterparts, each of which
21 will be an original for all purposes, but all of which taken together will constitute one and the
22 same agreement. The Stipulating Parties further agree that any electronically-generated
23 Stipulating Party signatures are valid and binding to the same extent as an original signature.

24 16. This Stipulation may not be modified or amended except by written agreement by
25 all Parties who have executed it.

26

1 This Stipulation is entered into by each Party on the date entered below such Party's
2 signature.

3
4 STAFF OF THE PUBLIC UTILITY
COMMISSION OF OREGON

5 /s/ *Natascha B. Smith*

6 _____
7 By Natascha B. Smith
8 Assistant Attorney General
Of Attorneys for PUC Staff

9 Dated: November 1, 2021

10 ROATS WATER SYSTEM, INC.

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12
13 /s/ *William K. Roats*
14 _____
By William K. Roats

15 Dated: 10/27/21

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				Company Proposed Increase			Staff Proposed Increase		
Revenue Requirement				8.73%			7.87%		
		Test Year	Company Adjustments	Company Proposed Totals	Staff Adjustments to Company Totals	Staff Proposed Totals	Staff Proposed Irrigation	Staff Proposed Domestic	
460	Unmetered			\$ -		\$ -			
461.1	Residential	1,444,195	138,209	\$ 1,582,404	4,902	\$ 1,587,306		\$ 1,587,306	
461.2	Commercial	306,211	29,304	\$ 335,515	1,039	\$ 336,554		\$ 336,554	
462	Fire Protection Sales	29,741	2,846	\$ 32,587	101	\$ 32,688		\$ 32,688	
465	Irrigation Water Sales	330,929	19,600	\$ 350,529	(24,777)	\$ 325,752	\$325,752	\$ -	
466	Water Sales for Resale	286	27	\$ 313	-	\$ 313	\$ -	\$ 313	
471	Miscellaneous Services	636	170	\$ 806	-	\$ 806	\$ -	\$ 806	
475	Cross Connection Control	-	-	\$ -	-	\$ -	\$ -	\$ -	
	Other	184	-	\$ 184	10	\$ 194	\$ -	\$ 194	
	Other - Avion wheeling	64,800	-	\$ 64,800	-	\$ 64,800	\$ 64,800		
	Total Revenue	\$ 2,176,982	\$ 190,156	\$ 2,367,138	\$ (18,725)	\$ 2,348,413	\$390,552	\$ 1,957,861	
Acct.	OPERATING EXPENSES								
601	Salaries and Wages - Employees	422,194	61,442	\$ 483,636	\$ (9,801)	\$ 473,835	\$ 88,607	\$ 385,228	
603	Salaries and Wages - Officers	226,567	19,024	\$ 245,591	\$ -	\$ 245,591	\$ 34,383	\$ 211,208	
604	Employee Pension & Benefits	125,013	27,984	\$ 152,997	\$ -	\$ 152,997	\$ 21,420	\$ 131,577	
610	Purchased Water	97,972	-	\$ 97,972	\$ -	\$ 97,972	\$ 42,753	\$ 55,219	
611	Telephone/Communications	18,589	-	\$ 18,589	\$ -	\$ 18,589	\$ 2,602	\$ 15,987	
615	Purchased Power	128,341	-	\$ 128,341	\$ 33,148	\$ 161,489	\$ 21,780	\$ 139,709	
616	Fuel for Power Production	-	-	\$ -	\$ -	\$ -	\$ -	\$ -	
617	Other Utilities	3,120	-	\$ 3,120	\$ -	\$ 3,120	\$ 437	\$ 2,683	
618	Chemical / Treatment Expense	-	-	\$ -	\$ -	\$ -	\$ -	\$ -	
619	Office Supplies	18,404	-	\$ 18,404	\$ -	\$ 18,404	\$ 2,577	\$ 15,827	
619.1	Postage	630	-	\$ 630	\$ -	\$ 630	\$ 88	\$ 542	
620	O&M Materials/Supplies	61,937	36,096	\$ 98,033	\$ -	\$ 98,033	\$ 37,236	\$ 60,797	
621	Repairs to Water Plant	15,024	-	\$ 15,024	\$ -	\$ 15,024	\$ 7,399	\$ 7,625	
631	Contract Svcs - Engineering	7,472	-	\$ 7,472	\$ -	\$ 7,472	\$ 1,000	\$ 6,472	
632	Contract Svcs - Accounting	39,650	-	\$ 39,650	\$ -	\$ 39,650	\$ 5,552	\$ 34,098	
633	Contract Svcs - Legal	4,725	-	\$ 4,725	\$ -	\$ 4,725	\$ 661	\$ 4,064	
634	Contract Svcs - Management Fees	-	-	\$ -	\$ -	\$ -	\$ -	\$ -	
635	Contract Svcs - Testing	3,867	-	\$ 3,867	\$ 3,074	\$ 6,941	\$ -	\$ 6,941	
636	Contract Svcs - Labor	3,364	-	\$ 3,364	\$ (2,433)	\$ 931	\$ -	\$ 931	
637	Contract Svcs - Billing/Collection	21,562	-	\$ 21,562	\$ -	\$ 21,562	\$ 4,091	\$ 17,471	
638	Contract Svcs - Meter Reading	-	-	\$ -	\$ -	\$ -	\$ -	\$ -	
639	Contract Svcs - Other	-	-	\$ -	\$ 19,105	\$ 19,105	\$ 2,675	\$ 16,430	
641	Rental of Building/Real Property	133,176	-	\$ 133,176	\$ -	\$ 133,176	\$ 18,645	\$ 114,531	
642	Rental of Equipment	20,987	-	\$ 20,987	\$ (5,936)	\$ 15,051	\$ 9,517	\$ 5,534	
643	Small Tools	9,294	-	\$ 9,294	\$ -	\$ 9,294	\$ 1,298	\$ 7,996	
648	Computer/Electronic Expenses	3,106	-	\$ 3,106	\$ -	\$ 3,106	\$ 435	\$ 2,671	
650	Transportation	85,340	-	\$ 85,340	\$ -	\$ 85,340	\$ 11,944	\$ 73,396	
656	Vehicle Insurance	12,408	-	\$ 12,408	\$ -	\$ 12,408	\$ 1,737	\$ 10,671	
657	General Liability Insurance	18,690	-	\$ 18,690	\$ -	\$ 18,690	\$ 2,616	\$ 16,074	
658	Workers' Comp Insurance	2,468	-	\$ 2,468	\$ -	\$ 2,468	\$ 197	\$ 2,271	
659	Insurance - Other	85	-	\$ 85	\$ -	\$ 85	\$ 12	\$ 73	
666	Amortz. of Rate Case	-	-	\$ -	\$ -	\$ -	\$ -	\$ -	
667	Gross Revenue Fee (PUC)	7,672	-	\$ 7,672	\$ 1,135	\$ 8,807	\$ 1,465	\$ 7,342	
670	Bad Debt Expense	3,767	-	\$ 3,767	\$ -	\$ 3,767	\$ 310	\$ 3,457	
671	Cross Connection Control Program	-	-	\$ -	\$ -	\$ -	\$ -	\$ -	
673	Training and Certification	2,800	-	\$ 2,800	\$ -	\$ 2,800	\$ 59	\$ 2,741	
674	Consumer Confidence Report	-	-	\$ -	\$ -	\$ -	\$ -	\$ -	
675	Miscellaneous Expense	41,371	-	\$ 41,371	\$ (21,561)	\$ 19,810	\$ 2,444	\$ 17,366	
OE1	Allocation of costs to capital projects	(60,843)	-	\$ (60,843)	\$ -	\$ (60,843)	\$ -	\$ (60,843)	
OE2	Public relations/Advertising	242	-	\$ 242	\$ -	\$ 242	\$ 31	\$ 211	
OE3	Conservation Expense			\$ -	\$ 9,906	\$ 9,906	\$ 1,398	\$ 8,508	
OE4	Other Expense 4			\$ -	\$ -	\$ -	\$ -	\$ -	
OE5	Other Expense 5			\$ -	\$ -	\$ -	\$ -	\$ -	
	TOTAL OPERATING EXPENSE	\$ 1,478,994	\$ 144,546	\$ 1,623,540	\$ 26,636	\$ 1,650,176	\$325,367	\$ 1,324,809	

	Test Year	Company Adjustments	Company Proposed Totals	Staff Adjustments to Company Totals	Staff Proposed Totals	Staff Proposed Irrigation	Staff Proposed Domestic
OTHER REVENUE DEDUCTIONS							
403	Depreciation Expense	187,904	\$ 187,904	\$ 13,071	\$ 200,975	\$ 19,671	\$ 181,304
406	Amort of Plant Acquisition Adjustment	-	\$ -	\$ -	\$ -	\$ -	\$ -
407	Amortization Expense	9,823	\$ 9,823	\$ -	\$ 9,823	\$ 1,375	\$ 8,448
408.11	Property Tax	32,239	\$ 32,239	\$ (526)	\$ 31,713	\$ 6,227	\$ 25,486
408.12	Payroll Tax	62,383	\$ 62,383	\$ -	\$ 62,383	\$ 12,250	\$ 50,133
408.13	Other	5,875	\$ 5,875	\$ 1,460	\$ 7,335	\$ 1,440	\$ 5,895
409.10	Federal Income Tax	114,037	\$ 114,037	\$ (56,174)	\$ 57,863	\$ 3,620	\$ 54,243
409.11	Oregon Income Tax	37,000	\$ 37,000	\$ (17,530)	\$ 19,470	\$ 1,218	\$ 18,253
409.13	Extraordinary Items Income Tax	-	\$ -	\$ -	\$ -	\$ -	\$ -
	TOTAL REVENUE DEDUCTIONS	\$ 1,918,432	\$ 154,369	\$ 2,072,801	\$ (33,063)	\$ 2,039,738	\$ 371,168
	Net Operating Income	\$ 258,550	\$ 35,787	\$ 294,337	\$ 14,337	\$ 308,674	\$ 289,290
UTILITY RATE BASE							
101	Utility Plant in Service	7,807,152	\$ 7,807,152	\$ 509,708	\$ 8,316,860	\$ 663,826	\$ 7,653,034
105	Construction Work in Progress	109,385	\$ 109,385	\$ (109,385)	\$ -	\$ -	\$ -
108	- Accumulated Depreciation of Plant	3,116,637	\$ 3,116,637	\$ 32,726	\$ 3,149,363	\$ 177,059	\$ 2,972,304
271	- Contributions in Aid of Construction	1,858,098	\$ 1,858,098	\$ 318,808	\$ 2,176,906	\$ 318,808	\$ 1,858,098
272	+ Accumulated Amortization of CIAC	799,504	\$ 799,504	\$ 32,351	\$ 831,855	\$ 32,351	\$ 799,504
281	- Accumulated Deferred Income Tax	372,052	\$ 372,052	\$ (70,226)	\$ 301,826	\$ -	\$ 301,826
	- Excess Capacity	-	\$ -	\$ -	\$ -	\$ -	\$ -
	= NET RATE BASE INVESTMENT	\$ 3,369,254	\$ -	\$ 3,369,254	\$ 151,367	\$ 3,520,621	\$ 200,310
	Plus: (working capital)						
151	Materials and Supplies Inventory	33,171	\$ 33,171	\$ -	\$ 33,171	\$ 4,633	\$ 28,538
	Working Cash (Total Op Exp /12)	123,251	\$ 12,046	\$ 135,296	\$ 2,219	\$ 137,515	\$ 27,114
	TOTAL RATE BASE	\$ 3,525,676	\$ 12,046	\$ 3,537,721	\$ 153,586	\$ 3,691,307	\$ 232,057
	Rate of Return	7.33%		8.32%		8.36%	8.35%

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

NAMING RATES FOR

ROATS WATER SYSTEM, INC.

**61147 HAMILTON LANE
BEND OR 97702**

541-382-3029

**Serving water in the vicinity of
BEND, OREGON**

Issue Date	ROATS WATER SYSTEM, INC.	Effective for services on and after	January 1, 2022
Issued By	WILLIAM K. ROATS		

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Issue Date	ROATS WATER SYSTEM, INC.	Effective for services on and after	January 1, 2022
Issued By	WILLIAM K. ROATS		

SCHEDULE NO. 1

RESIDENTIAL & COMMERCIAL METERED RATES

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

Applicable: To residential and commercial premises (with the exception of The Pines and Crown Villa).

Residential and Commercial Base Rate

Service Meter Size	Monthly Base Rate	Usage Allowance	Unit of Measure
5/8 or 3/4 inch	\$32.82	None	cubic feet
1 inch	\$55.79	None	cubic feet
1½ inches	\$68.91	None	cubic feet
2 inches	\$98.45	None	cubic feet
3 inches	\$492.23	None	cubic feet
4 inches	\$820.39	None	cubic feet
6 inches	\$1640.77	None	cubic feet

Multi-Residential / Multi-Commercial Metered Rates

Service Meter Size	Monthly Base Rate	Usage Allowance	Unit of Measure
Includes all meters/services	\$32.82 per dwelling unit	None	cubic feet

Commodity Usage Rate

Commodity Rate		Number of Units	Unit of Measure	Base Usage Allowance	
\$1.07	Per	100	cubic feet	Above	None

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. 28, 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.
3. A franchise fee of 3% of gross monthly water sales to the City of Bend residents shall be charged to the City of Bend residents. This fee is applicable to City of Bend residents only and will be charged monthly.

Issue Date	ROATS WATER SYSTEM, INC.	Effective for services on and after	January 1, 2022
Issued By	WILLIAM K. ROATS		

SCHEDULE NO. 2

RESIDENTIAL & COMMERCIAL METERED RATES
SPECIFICALLY FOR THE PINES AND CROWN VILLA

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

Applicable: To residential and commercial premises of The Pines and Crown Villa.

Residential and Commercial Base Rate

Service Meter Size	Monthly Base Rate	Usage Allowance	Unit of Measure
The Pines 3/4 x 5/8 inch	\$20.46	None	cubic feet
Crown Villa 3/4 x 5/8 inch	\$20.46	None	cubic feet

Multi-Residential / Multi-Commercial Metered Rates

Service Meter Size	Monthly Base Rate	Usage Allowance	Unit of Measure
Includes all meters/services	\$20.46 per unit/space	None	cubic feet

Commodity Usage Rate

Commodity Rate	Number of Units	Unit of Measure	Base Usage Allowance
\$1.07 Per	100	cubic feet	None

The Pines & Crown Villa Commodity Usage Rate

Commodity Rate	Number of Units	Unit of Measure	Base Usage Allowance
Current City of Bend Rates (\$2.02) Per	100	cubic feet	None

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. 28, Voluntary Discontinuance.

Issue Date	ROATS WATER SYSTEM, INC.	Effective for services on and after	January 1, 2022
Issued By	WILLIAM K. ROATS		

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.

3. A franchise fee of 6% of gross monthly water sales to the City of Bend residents shall be charged to the City of Bend residents. This fee is applicable to City of Bend residents only and will be charged monthly. The fee will automatically update to maintain current City of Bend franchise fee percentage should the fee increase.

Issue Date	ROATS WATER SYSTEM, INC.	Effective for services on and after	January 1, 2022
Issued By	WILLIAM K. ROATS		

SCHEDULE NO. 3

IRRIGATION FLAT RATE

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

Applicable: To residential, commercial, and common areas receiving irrigation water from Arnold Irrigation District through Roats Water System, not including Mobile Home and RV Parks.

Irrigation Flat Rate

Flat Rate per Month for 12 Months per Calendar Year
\$48.82

Wheeling Fee Revenues Rate Credit

A rate adjustment mechanism will apply to revenues received in accordance with the Bulk Water Delivery Agreement between the Company and Avion Water Company, Inc. (Avion) in the form of a rate credit to Roats’ irrigation customers. Rate credits will be passed through to irrigation customers in an amount proportionate to their tariffed irrigation rate. The rate credit shown below will apply monthly as an offset to the irrigation rate shown above during months in which Roats receives wheeling fee revenues from Avion in accordance with the Bulk Water Delivery Agreement. Roats will submit an Advice Filing upon modification or termination of the Bulk Water Delivery Agreement. If the Bulk Water Delivery Agreement is terminated, the rate credit will end concurrent with the end of payments from Avion.

Monthly Rate Credit
\$8.52

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. 28, 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 No. 1. 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.
3. A franchise fee of 6% of gross monthly water sales to the City of Bend residents shall be charged to the City of Bend residents. This fee is applicable to City of Bend residents only and will be charged monthly. The fee will automatically update to maintain current City of Bend franchise fee percentage should the fee increase.

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Issued By	WILLIAM K. ROATS		

SCHEDULE NO. 4

MOBILE HOME PARK & RV IRRIGATION FLAT RATES

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

Applicable: To Mobile Home and RV customers and common areas receiving irrigation water from Arnold Irrigation District through Roats Water System.

Irrigation Flat Rate

Flat Rate per Month for 12 Months per Year
\$23.17

Wheeling Fee Revenues Rate Credit

A rate adjustment mechanism will apply to revenues received in accordance with the Bulk Water Delivery Agreement between the Company and Avion Water Company, Inc. (Avion) in the form of a rate credit to Roats’ irrigation customers. Rate credits will be passed through to irrigation customers in an amount proportionate to their tariffed irrigation rate. The rate credit shown below will apply monthly as an offset to the irrigation rate shown above during months in which Roats receives wheeling fee revenues from Avion in accordance with the Bulk Water Delivery Agreement. Roats will submit an Advice Filing upon modification or termination of the Bulk Water Delivery Agreement. If the Bulk Water Delivery Agreement is terminated, the rate credit will end concurrent with the end of payments from Avion.

Monthly Rate Credit
\$4.04

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. 28, 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 No. 1. 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.
3. A franchise fee of 6% of gross monthly water sales to the City of Bend residents shall be charged to the City of Bend residents. This fee is applicable to City of Bend residents only and will be charged monthly. The fee will automatically update to maintain current City of Bend franchise fee percentage should the fee increase.

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SCHEDULE NO. 5

CROSS CONNECTION CONTROL PROGRAM
BACKFLOW PREVENTION DEVICE SERVICE FEES

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

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

PURPOSE

Roats Water System, Inc. offers backflow prevention device testing to customers who own backflow prevention devices.

ENROLLMENT

Current Customers: Roats Water System, Inc. will enroll in this program all existing customers with backflow prevention devices installed at the meter. Roats Water System, Inc. will also provide such customers with an Opt-Out Notice that is effective if signed and returned to the company within 30 days of receipt of notice.

New Customers: Roats Water System, Inc. will provide each new customer a form on which the customer can either select Roats Water System, Inc. to test their device(s) or opt out of Roats’ testing program in favor of selecting another tester. New customers will be allowed 30 days to return the Opt-Out Notice to Roats. If no affirmative selection is made the customer defaults into the Company’s program.

PROGRAM DESCRIPTION

The service plans includes the required annual testing of backflow prevention devices by a state certified tester pursuant to Oregon Administrative Rules (OAR) 333-061-0070 through OAR 333-061-0072.

Roats Water System, Inc. offers two payment options for backflow prevention device testing services provided by the Company:

1. \$2.50 monthly charge – All customers enrolled in the program.
2. \$45.00 one-time charge – Customers who opt out and then fail to meet testing requirements by default choose Roats Water System, Inc. Customers are then enrolled in the \$2.50/month plan for the next year’s test.

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SCHEDULE NO. 5 (Continued)

CROSS CONNECTION CONTROL PROGRAM
BACKFLOW PREVENTION DEVICE SERVICE FEES

SPECIAL PROVISIONS

General:

1. The customer is under no obligation to use the Company’s backflow prevention device testing services.
2. The customer can choose any qualified company or individual to test his/her backflow prevention device.
3. The Company will provide each current customer with notification of the backflow prevention testing service. This notification shall include an opt-out option for Roats’ service.
4. The Company will provide each new customer a form on which the customer selects Roats Water System, Inc. to test their device(s) or opts out of Roats Water System, Inc.’s testing program in favor of selecting another qualified tester. The customer will default to the Company’s program if no selection is made.
5. All customers who choose not to use Roats Water System, Inc.’s backflow prevention services must sign the written opt-out option and return it to Roats Water System, Inc. within 30 days upon receipt of the Company notification.
6. Customers who choose not to use Roats Water System, Inc.’s backflow prevention services must notify Roats Water System, Inc. of the name of the company or individual chosen to perform the test and the date the backflow test is scheduled.
7. Roats Water System, Inc. will contact all opt-out customers each spring, giving them 60 days’ notice to have their device tested and the paperwork submitted to Roats Water System, Inc.’s office to remain in compliance with the opt-out option.
8. Customers who use the opt-out option but fail to submit the test report by the due date will be placed in the \$2.50 monthly plan and, by default, Roats Water System, Inc. will test the backflow device.
9. Roats will separately itemize the backflow prevention device service fee on customer bills.

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SCHEDULE NO. 5 (Continued)

CROSS CONNECTION CONTROL PROGRAM
BACKFLOW PREVENTION DEVICE SERVICE FEES

10. Customers will be given the choice of accepting or rejecting a new agreement in advance of any rate increase.

BILLING RATES

THE \$2.50 MONTHLY CHARGE

This option includes testing on customer-owned backflow devices installed with the water meter. Annual tests are automatically scheduled at the customer’s convenience prior to the annual backflow prevention device testing deadline. The customer will be billed \$2.50 per month as a separate line item on the customer’s monthly water bill.

The agreement will automatically renew annually unless the customer notifies Roats Water System, Inc. in writing 15 days prior to termination that he/she wishes to opt out of the contract. Customers may withdraw from this contract at any time with a 5-day written notice to Roats Water System, Inc.

THE \$45.00 ONE-TIME CHARGE

This charge applies to customers who opt out, but fail to submit the test report by the due date. Testing of the backflow device defaults to Roats Water System, Inc.

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SCHEDULE NO. 6

RESIDENTIAL/MULTI UNIT RESIDENTIAL DEVELOPMENT CHARGE

Applicable: For residential development.

RESIDENTIAL DEVELOPMENT CHARGE (Rule 10)

CHARGE BASED ON LOT SIZE	CHARGE
Less than 4,000 sq. ft.	\$975
At least 4,000 sq. ft., but less than 6,000 sq. ft.	\$1,375
At least 6,000 sq. ft., but less than 10,000 sq. ft.	\$1,975
At least 10,000 sq. ft., but less than 20,000 sq. ft.	\$2,675
20,000 sq. ft. or more	\$3,175

MASTER METER DEVELOPMENT CHARGE (Rule 10)

CHARGE BASED ON MASTER METER SIZE	CHARGE
1 inch meter – serves up to 2 households	\$1,560
1 1/2 inch meter – serves up to 4 households	\$3,120
2 inch meter – serves up to 8 households	\$6,240
3 inch meter – serves up to 12 households	\$9,360
4 inch meter – serves up to 33 households	\$25,740
6 inch meter – serves up to 67 households	\$52,260
8 inch meter – serves up to 117 households	\$91,260
10 inch meter – serves up to 183 households	\$142,740

For development projects with household counts falling between the above meter count range, the Master Meter Development Charge will be prorated at \$780 per household.

Example: 20 household = 4 inch meter
 20 x \$780 = \$15,600

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SCHEDULE NO. 7

PRIVATE FIRE SERVICE RATES

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

Applicable: To customers with water hydrants located on their private property.

Base Charge Per Month: Dependent upon the size of service installed. The customer is billed for each hydrant located on his/her private property.

Private Fire Service Rate

SERVICE METER SIZE	MONTHLY BASE RATE
4 inch supply	\$5.66
6 inch supply	\$11.33
8 inch supply	\$18.12
10 inch supply	\$26.05
12 inch supply	\$48.71

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. 28, Voluntary Discontinuance.

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SCHEDULE NO. 8
PUBLIC FIRE SERVICE RATES

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

Applicable: To all residential and commercial customers.

Public Fire Service Rate

	MONTHLY CHARGE
All commercial/residential customers	\$0.49

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. 28, Voluntary Discontinuance.

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SCHEDULE NO. 9

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 ¾-inch service	At cost
Nonstandard ¾ inch service	At cost
Larger than ¾-inch	At cost
Irrigation hookup (if provided on separate system)	At cost

Connection Fire Flow Charge \$1.00 per sq. ft. measured by building outside dimensions

Meter Test (Rule No. 22)

First test within 12-month period	N/C
Second test within 12-month period	\$35

Pressure Test (Rule No. 42)

First test within 12-month period	N/C
Second test within 12-month period	\$35

Late-Payment Charge (Rule No. 23)

Charged on amounts more than 30 days past due Pursuant to OAR 860-036-1400 (as of 1/1/17 – 1.9%)

Deposit for Service (Rule No. 5)

Pursuant to OAR 860-036-1220 (as of 1/1/17 – 0.7%)

Returned-Check Charge (Rule No. 25)

\$20

Credit Card Payment

\$1.20 per transaction

Trouble-Call Charge (Rule No. 38)

During normal office hours	\$50 per hour
After normal office hours on special request	\$75 per hour

Disconnection Charge (Rule Nos. 30 & 31)

During normal office hours	\$20
After normal office hours on special request	\$50

Unauthorized Restoration of Service (Rule No. 32)

Reconnection charge plus costs

Damage/Tampering Charge (Rule No. 36)

At cost

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SCHEDULE NO. 9 (continued)

MISCELLANEOUS SERVICE CHARGES

Field Visit Charge (Rule No. 31)

\$25

Backflow Prevention Device Repairs (Rule No. 45)
(For customers not on the backflow prevention plan)

Materials – at cost
Labor - \$50 per hour

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SCHEDULE NO. 10

POWER COST ADJUSTMENT

Schedule 10 is an “Automatic Adjustment Clause” as defined in ORS 757.210(b). The Automatic Adjustment Clause is subject to an annual review by the Commission. This tariff establishes an automatic cost adjustment mechanism for changes in the Company’s purchased power costs as a result of changes in the power rates charged by the Company’s power supplier(s).

Purpose: To define procedures for periodic revisions in rates due to changes in the Company’s purchased power costs, describes how a rate change for purchased power is calculated, and to identify any other requirements.

Applicable: To those customers subject to Roats’ Commodity Usage Rate under Schedule No. 1.

Purchased Power Cost Adjustment

Changes under the applicable schedule are subject to increases or decreases that may be made without prior hearing, to reflect increases or decreases in the Company’s purchased power costs resulting from adjustments in the rates charged to the Company by the Company’s power supplier(s).

The Company may file for periodic purchased power cost adjustment to be effective upon the date the power supplier implements rate changes. If the Company chooses to file for such increases, then it is also obligated to file for decrease in such costs.

The Purchased Power Cost Adjustment rate will be applied as an addition to Roats’ Commodity Usage Rate as shown in Schedule No. 1.

Power Cost Adjustment Calculation

A power cost adjustment will be calculated as follows: Current power rate (per 100 cf of water) X percentage increase X power supplier’s allocator = \$power cost adjustment (per 100 cf of water). The following values will be used for the purpose of applying this formula:

Current Power Rate: \$0.20
 PP&L Allocator: 65.85%
 CEC Allocator: 34.15%

For example, a 30% rate increase by PP&L would result in the following increase to the Power Cost Adjustment Rate: $\$0.20 \times 65.85\% \times 30\% = \0.04

Current Power Cost Adjustment Rate
\$0.00 per 100 cf

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SCHEDULE NO. 10 (continued)

POWER COST ADJUSTMENT

Other Requirements

The Company will, whenever possible, utilize its pumping operations at off-peak times, in order to promote energy conservation. In connection with this condition, the Company shall advantage itself and its customers by adopting time-of-day usage of electric power from commodity power suppliers who offer such a conservation tariff.

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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 ROATS WATER SYSTEM, INC.**
- B. “Applicant” shall mean any person, business, or organization that 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 Service 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 860-036-1100)

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 860-036-1200)

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 860-036-1210.

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: Establishment of Credit, Surety Agreements, Deposits, Interest, and Refunds of Deposits
(OAR 860-036-1210, 1220, 1230, 1240, 1250, and 1260)

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 860-036-1220)

The Utility must inform any residential applicant or customer who is required to pay a deposit of the opportunity to provide a written surety agreement in lieu of paying the deposit. A surety agreement obligates another qualifying residential customer of the same utility to pay an amount up to the required deposit if the secured account is later disconnected and a balance remains owing following the due date for the closing charges. To qualify as a surety, the other residential customer must have had 12 months of continuous service with the Utility without a late payment. (OAR 860-036-1230)

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)** (OAR 860-036-1250 and 1260):

- 1) issuing the customer a refund check
- 2) crediting the customer’s account; however, a customer is entitled to a refund upon request pursuant to OAR 860-036-1260.

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 premise using a valve placed within and near the line of the street, the utility right-of-way, or at the meter.

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Rule 8: Service Connections (OAR 860-036-1300)

The service connection is that portion of the water system between the Utility’s main line and the customer’s property line, including all material and installation (hot tap, pipes, fittings, meter, etc.) necessary to provide water service to the customer. 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 Utility’s service lines or any portion of the Utility’s plumbing.

- A. The Utility may pay for and install the service connection and meter and, generally all materials and labor are included in rate base; or
- B. The Utility may purchase and install the service connection and charge the customer the cost of the service connection less the cost of the meter. Generally, the cost of the meter is included in rate base; or
- C. The customer may pay for the meter and contribute or gift the meter to the Utility. Contributions of this type are generally excluded from rate base; or
- D. In special cases and upon approval by the Commission, a customer may purchase and install the service connection (including meter, meter box, parts, and all excavation and plumbing) and contribute or gift the entire service connection to the Utility. Contributions of this type are generally excluded from rate base.

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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.

The fire flow charge is assessed in addition to the meter set charge and applies to a new water service only when fire flow requirements are imposed by the fire department on a new structure, or a structure being remodeled requiring a building permit, which requires changes in existing fire flow requirements or a structure whose use is changing to the extent that it now for the first time has fire flow requirements. In the structure being built or remodeled is in addition to an existing structure, which has already satisfied fire flow requirements, and then the fire flow charge will apply only to the additional structure.

The fire flow charge applies when the imposed fire flow requirements involve either a fire suppression system in the structure or fire hydrants(s) in the vicinity. The fire flow charge also applies when the structure benefits from the fire hydrant(s) which already exist in the vicinity sufficient to satisfy the imposed fire flow requirements.

Rule 10: Residential Development Charge

The residential development charge is assessed (based on the lot size) on any lot or lots for which a permanently new water service is established to serve one or more residential dwellings. The residential development charge is assessed in addition to the meter set charge.

A residential development located on a single tax lot for which a metered water service is established to serve multiple residences, shall (in lieu of the charge based on lot size) be assessed a residential development charge based on the size of the master water meter required to serve the development (including all area to be served in future phases of the development).

Subsequent to setting the meter(s) or master meter and payment of fees, if lots within the development become separately identified tax lots, the developer(s) of the separately identified tax lots will then be assessed an additional charge equal to the greater of (a) or (b), and reduced by (c); where(a) is a residential development charged based on each individual new lot size, (b) is the master meter set charge, and (c) is the fee previously paid to set the master meter for this development. In the event that this calculation produces a number less than zero, no refund will be given, and the amount of the fee shall be zero.

Any commercial development within the mastered residential development area shall be assessed a fireflow charge instead of a residential development charge. The fireflow charge shall be assessed on the entire structure containing the commercial enterprise, even though a portion of the structure may be for residential use. The lot occupied by the commercial development shall be excluded from any residential development charge.

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Rule 11: Main Line Extension Policy (OAR 860-036-1310)

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 12: Main Line Advances and Refunds Policy

Definitions

- (a) Reach: Any section of a main that contains no connections, branches, etc.
- (b) Original customer cost of a main extension: The cost of the smallest size extension necessary to service the customer(s) who request that extension, plus one-half the cost of any oversizing up through 12 inches deemed desirable by the utility. The cost of oversizing over 12 inches, and all costs of loop completion, shall not be included.
- (c) Customer cost of the reach: The original customer cost of the main extension of which the reach was a part, times the length of the reach divided by the length of that extension.
- (d) Share of a reach: The customer cost of a reach divided by the number of customers to be served through that reach.
- (e) Share differential: The amount the share of a reach decreases when a new customer is served through that reach.

Note: Any loop completion installed by the utility shall be deemed closed at its midpoint, when determining which reaches serve a particular customer.

Specifications

The utility shall specify the size, character, and location of pipes and appurtenances in any main extension. Main extensions are normally along streets, roads, highways, or other satisfactory rights-of-way. All construction work shall conform to recognized Rates Water System, Inc. standards.

Each main extension shall normally extend at least 100 feet along the frontage of the property to be served, or to the midpoint of that frontage, whichever is less.

Advances and Refunds

Each new customer requesting a main line extension shall advance the utility the share of each reach through which the customer is to be served, including the main extension.

After construction of the requested main extension, the utility shall refund to each new customer the total of the customer costs of the reaches through which the customer is served times 50 feet divided by the total of the length of those reaches. Further, the utility shall refund to each old customer the share differential of each reach through which the customer is served.

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Exceptions: a) No customer shall be refunded more than the amount originally advanced; and b) No part of the distribution system installed prior to five years from the request for a main line extension shall be used to calculate any customer advance or refund.

Rule 13: 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 14: Multiple Residences

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

Rule 15: Utility Access to Private Property (OAR 860-036-1370, 1500)

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 16: Restriction on Entering a Customer Residence (OAR 860-036-1330)

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 17: Refusal of Service Due to Customer Accounts (OAR 860-036-1270)

The Utility may refuse to provide service if:

The applicant has amounts owing under a tariff or statement of rates; or

B The applicant for residential service has a roommate with amounts owing under a tariff or statement of rates, and the applicant lived with the roommate at the time the amounts owing were incurred.

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Exception: If the applicant for residential service was a former residential customer with amounts owing, was involuntarily disconnected for non-payment, and applies for service within 20 calendar days of the disconnection, the Utility must provide service upon receipt of one-half of the amount owed with the remainder due within 30 calendar days. If the former customer fails to pay the remaining amounts within 30 calendar days, the Utility may disconnect service after issuing a 7-calendar day disconnection notice in accordance with OAR 860-036-1510(4).

If service is disconnected, the Utility may refuse to restore service until it receives full payment of all amounts owing, including reconnection charges allowed under OAR 860-036-1580.

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 18: Refusal of Service Due to Utility Facilities (OAR 860-036-1270)

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. Provide the information required by OAR 860-036-1100(2);
- B. Explain the specific reasons for refusing water service;
- C. Inform the applicant of the right to request details upon which the Utility's decision was based; and
- D. Inform the applicant of the right to dispute the refusal by contacting the Consumer Services Section at the contact information provided in OAR 860-001-0020(2).

Rule 19: Refusal of Service Due to Customer Facilities (OAR 860-036-1270)

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

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

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METERS

Rule 20: Utility Meters (OAR 860-036-1350)

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 860-036-1360) 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 860-036-1350)

Rule 21: Meter Testing (OAR 860-036-1350)

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 22: Customer-Requested Meter Test (OAR 860-036-1360)

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:

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- 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 23: Billing Information/Late-Payment Charge (OAR 860-036 1100(2), 1400, and 1430)

All bills, including closing bills, are due and payable at the Utility office within 15 days when rendered by deposit in the mail or other reasonable means of delivery, unless otherwise specified on the bill. The date of presentation is the date on which the Utility mails the bill.

As near as practical, **meters shall be read at** **monthly**, bimonthly, quarterly, or annual intervals on the corresponding day of each meter reading or billing period.

The bill shall be rendered immediately thereafter. The Utility must provide its customers with timely billings every month or as indicated in its tariffs or statement of rates.

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.

All bills become delinquent if not paid within 15 days of the date the Utility mailed or delivered the bill.

A late-payment charge may be assessed against any account that has an unpaid balance when the next bill is being prepared. The charge will be computed on the delinquent balance owing at the time of preparing the subsequent month’s bill at the late-payment rate specified in the Miscellaneous Service Charges Schedule. The late-payment rate is determined annually by the Commission, and the Utility will be notified of the rate.

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If an account is permitted to become delinquent, the Utility may disconnect water service by giving proper notice to the customer as provided in Rules 30/31, prior to or after the Utility assesses the late payment charge.

Rule 24: Partial Payment

Partial payments or one payment for more than one service, absent written instructions from the customer, will be applied in the following order:

- A. Past due regulated tariffed services;
- B. Currently due regulated tariffed services;
- C. Non-regulated tariffed services;
- D. Non-tariffed services.

Rule 25: 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 26: 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 27: Adjustment of Bills (860-036-1440)

When an under billing 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 under billing 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 under billing, 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 28: Voluntary Discontinuance (OAR 860-036-1560)

A customer requesting disconnection of service must provide the Utility with at least seven calendar days' advance notice. The customer is responsible for all service provided for seven calendar days following the request for disconnection or until service is disconnected, whichever comes first; or if the customer identified a specific date for disconnection in excess of seven calendar days, the customer is responsible for service rendered up to and including the requested date of disconnection.

Rates are based on continuous service. Disconnect and reconnect transactions do not relieve a customer from the obligation to pay the base rate or minimum charge that accumulates during the period of time the service is voluntarily disconnected for up to 12 months. Should the customer wish to recommence service within 12 months at the same premise, the customer will be required to pay the accumulated minimum monthly charge or base rate as if service had been continuous. The reconnection charge listed on the Miscellaneous Service Charges Schedule will be applicable at the time of reconnection.

Nothing in this rule prevents the Utility from temporarily interrupting service to protect the health and safety of its customers or to maintain the integrity of its system.

Rule 29: Emergency Disconnection (OAR 860-036-1500)

The utility may terminate service in emergencies when life or property is endangered without following the procedures set forth in OAR 860-036-1560. 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 30: Disconnection of Water Service Charge for Cause (OAR 860-036-1520)

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 860-036-1420;
- 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

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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 nonemergency’s on a Friday or the day of a state- or utility-recognized holiday or the day prior to such holiday. (OAR 860-036-1540)

The utility shall not disconnect residential service due to the failure to pay or meet obligations associated with nonresidential service.

Residential customers who are notified of pending disconnection may choose between two Time Payment Agreement options. The Utility will offer such customers a choice of a levelized-payment plan and an equal-pay arrearage plan. The Utility and customer may mutually agree to an alternate payment arrangement provided it be in writing and signed by all parties.

Disconnection for Failure to Comply With a Time Payment Agreement

A time-payment agreement disconnection occurs when a customer fails to comply with the terms of a written time-payment agreement between the customer and the Utility, or the Utility permits a time-payment agreement charge to become delinquent. The Utility shall give the customer a 15-day’ written notice and a 5-business day written notice before the water service may be disconnected.

Rule 31: Reconnection Charge and Disconnection Visit Charge (OAR 860-036-1580)

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 32: 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 33: 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.

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Rule 34: Interruption of Service (OAR 860-036-1630)

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

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

Rule 35: Water Supply/Usage Restrictions (OAR 860-036-1670)

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.
- E. A statement that the customer's water service is subject to disconnection on or after a specific date;
- F. A warning to the customer that failure to immediately comply with the restrictions may result in disconnection of service; and
- G. A statement that the customer may dispute disconnection by contacting the Consumer Services Section.

Rule 36: 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 37: Adequacy of Water Service (OAR 860-036-1600)

The Utility shall have and maintain its entire plant, distribution system, and hydrants in such condition that it will furnish safe, adequate, and reasonably continuous service. The Utility shall inspect its facilities in such

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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 prepare work and maintenance records, and retain those records consistent with the Commission's Guide for the Preservation of Records for Public Water Utilities available at <http://www.puc.state.or.us/Pages/General-Information-for-Water-Utilities.aspx>.

The Utility is prohibited from intentionally diminishing the quality of service below the level that can reasonably be provided by its facilities.

Rule 38: Trouble Call

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

Rule 39: Water Quality (OAR 860-036-1610)

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 testing, 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 40: Water Pressure (OAR 860-036-1650)

The Utility must maintain adequate water pressure. In general, water pressure measuring between 45 and 80 pounds per square inch in the water mains is adequate for the purpose of this rule. However, adequate pressure may vary depending on each individual water system.

The Utility may temporarily reduce or increase water pressure for fire flows, noticed repairs and maintenance, scheduled or emergency flushing, and unscheduled or emergency repairs and outages.

Rule 41: Pressure Surveys (OAR 860-036-1650)

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 42: Customer-Requested Pressure Test (OAR 860-036-1660)

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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 non-metered service, the pressure will be tested at the customer’s service line or hose bib or other reasonable point likely to best reflect the actual service pressure.

Rule 43: Maps/Records (OAR 860-036-1690)

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. The Utility must retain the maps and records consistent with the Commission's Guide for the Preservation of Records for Public Water Utilities.

Rule 44: Utility Line Location (One Call Program)

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 45: Cross Connection/Backflow Prevention Program (OAR 860-036-1680)

All customers must comply with the Utility’s Cross Connection Control Program to protect the water system from contamination. A customer's failure to comply is grounds for disconnection under OAR 860-036-1500.

The Utility will comply with the rules and regulations for the Cross Connection/Backflow Prevention Program, as provided in ORS Chapter 333 and the Utility’s approved Backflow Prevention tariff or statement of rates.

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