

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

UW 205

In the Matter of

AGATE WATER COMPANY,

Request for a General Rate Revision.

ORDER

DISPOSITION: STIPULATION ADOPTED

I. INTRODUCTION

In this order, we adopt an uncontested, all-party stipulation presented by Agate Water Company (Agate) and Staff (collectively Stipulating Parties) resolving all issues related to the application for a general rate revision (Application) filed by Agate. The Stipulating Parties propose to implement the rate increase resulting from the stipulation over a three-year period, in an effort to mitigate the immediate effects of the company's overall revenue requirement increase as described below. The Stipulating Parties propose the initial rates under the rate plan to be effective October 1, 2025.

On October 1, 2025, Agate's annual revenue requirement will increase from \$872,155 to \$1,202,577, an increase of \$330,422, or 37.89 percent. On October 1, 2026, the second year of the rate plan, the company's revenue requirement will increase to \$1,263,498, an annual increase of \$60,921, or 4.8 percent over year one. On October 1, 2027, the third year of the rate plan, the revenue requirement will increase to commodity rate will increase to \$1,383,852, an increase of \$120,354 or 9.5 percent over year two revenues. In total, Agate's revenue requirement will increase from the 2023 test year revenue of \$872,155 to \$1,395,645, representing an increase of \$511,697, or approximately 58.67 percent in overall revenues, while the overall bill for an average residential customer will increase 59.79 percent, or approximately \$32.24 per month.

The average annual residential bill impacts across the rate plan's three years are as follows:

	Current Bill	Year 1	Year 2	Year 3
Residential - 5/8"	\$53.92	\$75.80	\$79.79	\$86.16
Percentage Increase		40.57%	5.26%	7.98%

II. BACKGROUND AND PROCEDURAL HISTORY

Agate is a rate- and service-regulated water utility providing service to customers in the Deschutes River Woods area outside of Bend, Oregon. The water system began providing service in June 1981. Current ownership acquired the utility in 2014. On March 10, 2025, Agate filed an application for a general rate revision, based on a 2023 test year, including tariff sheets in Advice No. 25-01, to be effective April 10, 2025.

Agate's Application identified a 2023 test year and noted annual test year revenue of \$872,155. The company requested an increase of \$522,403, or 59.90 percent, for an updated annual revenue requirement of \$1,394,558.¹ Agate explained that increases in operating costs, labor costs and inflation have outpaced collected revenues since the company's last rate increase in 2014, as well as the need to include utility plant in rate base². Agate requested a rate of return of 3.92 percent on a utility rate base of \$3,791,047.³

In its Application, Agate represented it served 1,273 residential customers at the end of the test year, with each customer paying a monthly base rate of \$32.73 and a commodity rate of \$1.65 per 100 cubic feet of water.⁴ The company proposed to increase the monthly base rate to \$53.71, an increase of approximately 64 percent.⁵ Additionally, Agate proposed to increase the commodity rate to \$3.23 per 100 cubic feet of water, an increase of approximately 96 percent.⁶

In addition to the requested revenue requirement increase, in its Application, Agate raised questions regarding "a contract with a water user[] related to lease property in exchange for reduction in service costs."⁷

¹ Application at 5.

² *Id.* at 5-6.

³ *Id.* at 5.

⁴ *Id.* at 12-13.

⁵ *Id.* at 14.

⁶ *Id.*

⁷ *Id.* at 16.

On March 11, 2025, Chief Administrative Law Judge Lackey suspended Advice No. 25-01 for up to nine months from April 10, 2025, to conduct a comprehensive investigation into the company's requests within the general rate proceeding.⁸ On June 10, 2025, Staff filed a Motion to Suspend Procedural Schedule, noting that Staff and Agate had reached an agreement in principle on a comprehensive settlement resolving all issues in these proceedings. On August 15, 2025, Agate and Staff filed an all-party stipulation resolving all issues in these proceedings, with supporting testimony and exhibits. A copy of the stipulation, including attachments, is attached as Appendix A to this order.

III. STIPULATION

The stipulation presents a comprehensive settlement of all issues presented in Agate's Application. Given the "unique circumstances present in this case"⁹, the Stipulating Parties addressed and agreed to adjustments to a wide range of the company's operational details, expenses, and accounting records. The Stipulating Parties assert that the stipulation is in the public interest and will result in fair, just and reasonable rates. The Stipulating Parties recommend a three-year phased-in process to fully accomplish the proposed rate increase agreed to under the stipulation. Under the proposal, Agate's revenue requirement across the rate plan would be as follows: Year 1 - \$1,202,577; Year 2 - \$1,263,498; and Year 3 - \$1,383,852. At the conclusion of Year 3, the company's revenue requirement would represent an increase of \$511,697, or 58.67 percent, over the 2023 yest year revenues, and provide for a 5.16 percent rate of return.¹⁰

In year one, under the stipulation, the monthly base rate for residential customers with a 5/8-inch meter connection would increase from \$32.73 to \$49.48, or 51.17 percent.¹¹ Additionally, the company would establish monthly connection fees of \$128.88 and \$412.41 for customers with 1-inch and 2-inch meter connections, respectively.¹² These base rate changes would be the sole source of any rate increase for the first year. For residential customers with a 5/8-inch meter connection, the initial rate increase represents a 40.57 percent increase in the average monthly bill.¹³

⁸ Order No. 25-095.

⁹ Stipulation at 5.

¹⁰ See Stipulation, at 1-2.

¹¹ Stipulating Parties/100, Shearer and Johnson/15.

¹² Agate represents is currently has two customers in each of these new base rate categories. See Stipulating Parties/102, at 3.

¹³ See Stipulating Parties/100, Table 1; $(75.80-53.92)/53.92 = 0.4057$.

On October 1, 2026, (rate plan year two), the commodity rate would increase to \$1.90 per 100 cubic foot of water from the current \$1.65 per 100 cubic foot unit, resulting in an approximately 5.26 percent increase for an average customer over the first year's increase.¹⁴ On October 1, 2027, (rate plan year three), the commodity rate would increase to \$2.14 per 100 cubic foot of water, resulting in a 7.98 percent increase over rate plan year two rates.¹⁵ In total, the stipulation results in a rate increase of approximately 59.79 percent for the average residential customer with a 5/8" meter connection above the test year rates.¹⁶

The Stipulating Parties agree that the rates proposed under the stipulation reflect all rate base additions from the company's last general rate case through the filing of these proceedings and that all such capital additions are prudent. The Stipulating Parties request we adopt the stipulation in full.¹⁷

IV. RESOLUTION

We have reviewed the stipulation and its attachments, and the supporting testimony and exhibits. We find that the stipulation is supported by sufficient evidence and is a reasonable resolution of the issues addressed by the stipulation. We conclude that the stipulation will result in fair, just and reasonable rates, and contribute to a settlement that is in the public interest.

We acknowledge Staff's efforts in working with Agate's management team and in conducting a thorough and detailed review of the company's accounting supporting the initial revenue requirement request. Specifically, the terms of the stipulation reflect substantial efforts from Staff and Agate to align the company's accounting practices with the accuracy and detail standards expected by the Commission. Further, we appreciate Staff's comprehensive review of the company's revenues, expenses, revenue deductions, wage and salary analysis, rate base, capital structure, and rate spread and rate design. Moreover, the rate base adjustments outlined in the stipulation demonstrate a balance between the interests of customers, such as adjustments to proposed salary and wages and select operational expense accounts, with the interest of the company, including the appropriate treatment of depreciation and contributions in aid of construction.

The stipulation includes significant adjustments to the company's utility plant in service and associated accumulated depreciation. These adjustments are not surprising, given the

¹⁴ See Stipulating Parties/100, Table 1; $(79.89-75.80)/75.80 = 0.0526$.

¹⁵ *Id.* Table 1; $(86.16-79.79)/79.79 = 0.0798$.

¹⁶ *Id.* at Table 1; $(86.16-53.92)/53.92 = 0.5979$.

¹⁷ Stipulation at 1.

company's extended absence before the Commission. These adjustments, and others related to Agate's operating expenses, address fixed costs incurred to ensure reliable and safe water utility services. Recovery of these expenses, incurred for the benefit of all of Agate's customers, are appropriately recovered through the base monthly rate charge that is the focus of the first year's rate increase under the stipulation's multi-year rate proposal. While we recognize the increase in the monthly base fee is significant, this initial phase represents a reasonable step to include a decade's worth of capital investment and increases to fixed costs into customer rates, while also seeking to mitigate cost impacts to ratepayers through the multi-year rate plan.

The stipulation also modifies Agate's tariff structure to implement higher monthly base rates for customers with larger meter connections. The Stipulating Parties note that customers with larger system connections and meters have historically been charged under the smaller, 5/8-inch connection rate.¹⁸ The stipulation's proposal to add a \$128.88 monthly base charge for a 1-inch connection, and a \$412.41 monthly base charge for a 2-inch connection is a reasonable improvement to the company's cost recovery framework.

The stipulation proposes delaying cost increases associated with commodity provision until years two and three of the multi-year plan. We find this to be appropriate, as noted above. Specifically, Staff's revenue requirement modeling identified necessary revenue adjustments to operating expenses, many of which are variable based upon commodity consumption. The stipulation's treatment of variable costs through incremental rate increases in years two and three of the multi-year rate plan is reasonable and a discerning approach to customer concerns about a substantial increase in rates.¹⁹

We recognize the frustration expressed by public commenters, in particular the increased cost associated with a vital commodity. The Commission's statutory charge is to "balance the interests of the utility investor and the consumer in establishing fair and reasonable rates."²⁰ Oregon law establishes that "[r]ates are fair and reasonable...if the rates provide adequate revenue both for operating expenses...and for capital costs of the utility..."²¹ Staff's revenue requirement model, attached to the Stipulating Parties testimony, demonstrates the company operated at a loss of over \$25,000 in the test year.²² Safe and reliable service relies on a financially viable, stable utility. Artificially low rates that fail to represent the company's actual, reasonable operating expenses erode a utility's ability to provide service. We find the three-year rate plan, and its specific annualized structure,

¹⁸ See Stipulating Parties/100, Shearer and Johnson/16, ll. 3-7.

¹⁹ See Stipulating Parties/103.

²⁰ ORS § 756.040(1).

²¹ ORS § 756.040(1).

²² Stipulating Parties/102, Shearer and Johnson/1.

to be a reasonable balance of the company's capital investment and expenses, and ratepayers' affordability concerns.

We do not address the issues raised by Agate in its Application regarding a contract with a specific water user. The Stipulating Parties confirmed that these questions were resolved within the scope of the stipulation. Specifically, the Stipulating Parties stated that

[a]s a part of the Stipulation, consistent with testimony and exhibits submitted in this proceeding, all customers will be charged based strictly on the size of their connection and their associated cost to serve, consistent with standard ratemaking principles. The water user leasing property to Agate will be charged the same rate as all other customers in their rate class.²³

Finally, we take an opportunity to address Agate's most recent history before the Commission. As noted above and within Agate's Application, the company's last rate increase was a result of an all-party stipulation presented in docket UW 157 (2014 Stipulation). Within the 2014 Stipulation, Agate was required to place specific focus on its debt service obligations and was required to "file a rate case with the Commission on or before August 1, 2017."²⁴ Agate's current appearance before the Commission is over 6 ½ years late. While small utilities such as Agate have relatively fewer interactions with the Commission we nonetheless are charged by Oregon law to "supervise and regulate"²⁵ Agate and ensure that rates charged by the company are fair, just and reasonable.²⁶ Accordingly, we emphasize here that a Commission order, *e.g.* an order to present rates at a specific time for a review and determination of reasonableness, is a requirement and obligation, not merely a suggestion. We expect Agate to comply with Commission directives moving forward.

²³ Stipulating Parties' Response to Bench Request (Aug. 26, 2025).

²⁴ Order No. 14-263 at 2, Ordering Paragraph 2, and Appendix A, §6.

²⁵ ORS §756.040(2).

²⁶ ORS §757.210(1)(a).

V. ORDER

IT IS ORDERED that:

1. Advice No. 24-01 filed by Agate Water Company on March 10, 2025, is permanently suspended.
2. The stipulation between Agate Water Company and Staff of the Public Utility Commission of Oregon, attached as Appendix A, is adopted.
3. Agate Water Company is directed to file tariffs in compliance with this order with an effective date of October 1, 2025, no later than September 23, 2025.

Made, entered, and effective September 8, 2025.



Letha Tawney
Chair



Les Perkins
Commissioner



Karin Power
Commissioner

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.

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UW 205

In the Matter of
AGATE WATER COMPANY,
Request for a General Rate Revision.

STIPULATION

This Stipulation is by and between Agate Water Company (“Agate” or the “Company”) and Staff of the Public Utility Commission of Oregon (“Staff”) (hereafter, collectively referred to as the “Stipulating Parties”). The Stipulating Parties are all of the “Parties” to this proceeding.

I. INTRODUCTION

On March 10, 2025, Agate filed a request for a General Rate Revision, with proposed rates to become effective on April 10, 2025. The Company requested to increase its revenues from 872,155 to \$1,395,645, or an additional \$523,490 (60.02 percent). Agate selected a test year of January 1, 2023, to December 31, 2023. By Order No. 25-095, entered March 11, 2025, Chief Administrative Law Judge Lackey suspended the effective date for a period of time not to exceed nine months from the proposed effective date.

Staff reviewed the Company’s filing and responses to data requests and the Parties held multiple settlement conferences 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

1. Revenue Requirement. The Stipulating Parties agree to recommend and support a phased approach to increasing Agate revenue with Year 1 revenue requirement of \$1,202,577, Year 2 revenue requirement of \$1,263,498, and Year 3 revenue requirement of 1,383,852, as

1 shown in Attachment A to this Stipulation, to be collected in rates as set forth in Paragraph 2 of
2 and Attachment B to this Stipulation. This revenue requirement includes an agreed-upon 5.16
3 percent rate of return on a total rate base of \$3,454,151, and represents an increase of \$511,697,
4 or 58.67 percent, over test period revenues included in the Company’s application. The stipulated
5 revenue requirement and adjustments are included for review as Attachment A to this
6 Stipulation.

7 2. Rate Effective Date. The Stipulating Parties agree to and support rates becoming
8 effective on October 1, 2025.

9 3. Rate Base. The Stipulating Parties agree that the stipulated rates in this case
10 reflect the following rate base adjustments:

11 A. Utility Plant in Service (Account 101). The Stipulating Parties agree that
12 utility plant in service (“UPIS”) includes all rate base additions from the Company’s last
13 rate case through the Company’s filing of this rate case and all rate base additions that
14 have been completed and in-service to date. The Stipulating Parties agree that Agate’s
15 additions to rate base are prudent. The Stipulating Parties agree that these actions result
16 in a total UPIS of \$7,844,364.

17 B. Accumulated Depreciation (Account 108). An adjustment of \$748,150.

18 C. Contributions in Aid of Construction (CIAC) (Account 271). An adjustment
19 of (\$5,917).

20 C. Accumulated Amortization of CIAC (Account 272). An adjustment of
21 \$185,320.

22 D. Material and Supplies Inventory (Account 151). An adjustment of \$8,822
23 moved from Other Expense – Materials and Supplies (Account OE 3) to properly categorize
24 costs.

25 E Working Capital. An adjustment of \$68,649 to reflect the amount of
26 operating expenses agreed upon by the Stipulating Parties.

1 4. Operating Expense Adjustments. The Stipulating Parties agree that the stipulated
2 rates in this case reflect the following operating expense adjustments:

3 A. Salaries and Wages – Employees (Account 601). An adjustment of (\$53,781)
4 to align salaries with American Water Works Association (AWWA) guidance.

5 B. Telephone/Communications (Account 611). An adjustment of (\$4,884) to
6 reflect actual billings and items moved to UPIS (Account 101).

7 C. Purchased Power (Account 615). An adjustment of \$8,621 to reflect
8 actual billings.

9 D. Contract Services- Billing (Account 637). An adjustment of \$1,202 to
10 reflect actual billings.

11 E. Contract Services – Other (Account 639). An adjustment of (\$4,392) to
12 reflect actual billings and items moved to Training and Certification (Account 673).

13 F. Rental of Building/Real Property (Account 641). An adjustment of
14 (\$26,786) to reflect the difference in billing amounts.

15 G. Transportation (Account 650). An adjustment of (\$1,356) to reflect
16 amounts invoiced and items moved to UPIS (Account 101).

17 H. Vehicle Insurance (Account 656). An adjustment of \$309 to reflect
18 invoiced amounts.

19 I. General Liability Insurance (Account 657). An adjustment of \$9,011
20 moved from Insurance - Other (Property) (Account 659) to reflect an appropriate
21 categorization of costs.

22 J. Insurance - Other (Property) (Account 659). An adjustment of (\$12,229)
23 to reflect difference in billing amounts and items moved to General Liability Insurance
24 (Account 657) to reflect an appropriate categorization of costs.

25 K. PUC Gross Revenue Fee (Account 667). An adjustment of \$6,227 to
26 reflect the approved PUC fee rate of 0.45 percent.

1 L. Training and Certification (Account 673). An adjustment of \$1,042 to
2 reflect amortization of amounts moved from Contract Services - Other (Account 639) to
3 reflect an appropriate categorization of costs.

4 M. Other Expenses – Company Meals (Account OE 1). An adjustment of
5 (\$500) to removing amounts for meals.

6 N. Other Expenses – Small Engine Repair (Account OE 2). An adjustment of
7 (\$259) moving the full amount to UPIS (Account 101).

8 O. Other Expenses – Materials and Supplies (Account OE 3). An adjustment
9 of (\$8,822) moving the full amount to Materials and Supplies Inventory (Account 151).

10 5. Other Revenue Deductions. The Stipulating Parties agree that the stipulated rates in this
11 case reflect the following adjustments to other revenue deductions:

12 A. Depreciation Expense (Account 403). An adjustment of \$9,185 to reflect
13 conforming changes to UPIS.

14 B. Property Tax (Account 408.11), Payroll Tax (Account 408.12), Other Tax
15 (Account 408.13), Federal Income Tax (Account 409.10) and Oregon Income Tax (Account
16 409.11). A total adjustment of \$34,405.

17 6. Revisions to Tariff. The Stipulating Parties agree to recommend and support the
18 tariff revisions proposed by the Company in this rate case, with the rates adjusted to reflect this
19 Stipulation including the Rate Spread and Rate Design methodologies proposed by Staff. Those
20 tariff revisions and adjusted rates are reflected in Attachment B to this Stipulation. Subject to the
21 approval of this Stipulation, Agate will file revised tariff pages as a compliance filing in Docket
22 UW 205, to be effective in accordance with Paragraph 2 of this Stipulation, reflecting the rates
23 and terms and conditions as agreed to in this Stipulation. The Company will make that
24 compliance filing within three business days after the Commission order in this proceeding or
25 October 3, 2025, whichever is later.

26

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

4 8. The Stipulating Parties have negotiated this Stipulation in good faith and
5 recommend and request that the Commission adopt the Stipulation in its entirety as an
6 appropriate and reasonable resolution to the issues described therein.

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

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

17 11. The Stipulating Parties support entering into evidence, without requiring any
18 Stipulating Party to lay a foundation for its admission, this Stipulation and its Attachment A
19 (revenue requirement) and Attachment B (tariff book), the joint written testimony of Staff and
20 the Company in support of the Stipulation (Exhibit Stipulating Parties/100), and the following
21 additional supporting exhibits: Exhibits Stipulating Parties/101 (witness qualification
22 statements), Stipulating Parties/102 (summary tables), Stipulating Parties/103 (customer
23 comments).

24 12. The Stipulating Parties understand that this Stipulation addresses only Agate's
25 request for a general rate increase in this instance, is not binding on the Commission in deciding
26 Agate's application for a general rate increase, and does not foreclose the Commission from

1 addressing any other issues or foreclose a Stipulating Party from raising issues in a different
2 proceeding.

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

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

22 15. This Stipulation may be executed in any number of counterparts, each of which will be
23 an original for all purposes, but all of which taken together will constitute one and the same agreement.

24 16. This Stipulation may not be modified or amended except by written agreement by all
25 Stipulating Parties.

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

3 DATED: August 15, 2025

/s/ Natascha Smith
Natascha Smith, OSB # 174661
Assistant Attorney General
Of Attorneys for Staff of the Public Utility
Commission of Oregon

6 DATED: 08-13-2025

/s/ Lynn Johnson
Lynn Johnson, Owner
Agate Water Company

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Revenue Requirement

Company Proposed Increase
60.02%

Staff Proposed Increase
58.67%

REVENUES	Test Year	Company Adjustments	Company Proposed Totals	Staff Adjustments to Company Totals	Staff Proposed Totals
460 Unmetered			\$ -		\$ -
461.1 Residential	823,698	522,250	\$ 1,345,948	(11,793)	\$ 1,334,155
461.2 Commercial			\$ -		\$ -
462 Fire Protection Sales			\$ -		\$ -
465 Irrigation Water Sales			\$ -		\$ -
466 Water Sales for Resale			\$ -		\$ -
471 Miscellaneous Services	1,240		\$ 1,240		\$ 1,240
475 Cross Connection Control			\$ -		\$ -
472 Cell Tower Lease Payments	47,217	1,240	\$ 48,457		\$ 48,457
			\$ -		\$ -
Total Revenue	\$ 872,155	\$ 523,490	\$ 1,395,645	\$ (11,793)	\$ 1,383,852

Acct . OPERATING EXPENSES

601 Salaries and Wages - Employees	304,623	283,027	\$ 587,650	\$ (53,781)	\$ 533,869
603 Salaries and Wages - Officers			\$ -	\$ -	\$ -
604 Employee Pension & Benefits	44,316	23,727	\$ 68,043	\$ -	\$ 68,043
610 Purchased Water			\$ -	\$ -	\$ -
611 Telephone/Communications	15,274	458	\$ 15,732	\$ (4,884)	\$ 10,848
615 Purchased Power	65,908	6,591	\$ 72,499	\$ 8,621	\$ 81,120
616 Fuel for Power Production			\$ -	\$ -	\$ -
617 Other Utilities (Garbage, Gas)	428		\$ 428	\$ -	\$ 428
618 Chemical / Treatment Expense	120		\$ 120	\$ -	\$ 120
619 Office Supplies	1,424	43	\$ 1,467	\$ -	\$ 1,467
619.1 Postage	4,982	332	\$ 5,314	\$ -	\$ 5,314
620 O&M Materials/Supplies			\$ -	\$ -	\$ -
621 Repairs to Water Plant			\$ -	\$ -	\$ -
631 Contract Svcs - Engineering	2,080		\$ 2,080	\$ -	\$ 2,080
632 Contract Svcs - Accounting	3,304	99	\$ 3,403	\$ -	\$ 3,403
633 Contract Svcs - Legal	788		\$ 788	\$ -	\$ 788
634 Contract Svcs - Management Fees			\$ -	\$ -	\$ -
635 Contract Svcs - Testing	6,344	190	\$ 6,534	\$ -	\$ 6,534
636 Contract Svcs - Labor	2,003	60	\$ 2,063	\$ -	\$ 2,063
637 Contract Svcs - Billing/Collection	20,396	612	\$ 21,008	\$ 1,202	\$ 22,210
638 Contract Svcs - Meter Reading			\$ -	\$ -	\$ -
639 Contract Svcs - Other	6,569	220	\$ 6,789	\$ (4,392)	\$ 2,397
641 Rental of Building/Real Property	36,000	26,786	\$ 62,786	\$ (26,786)	\$ 36,000
642 Rental of Equipment	640		\$ 640	\$ -	\$ 640
643 Small Tools	334	10	\$ 344	\$ -	\$ 344
648 Computer/Electronic Expenses	1,473	44	\$ 1,517	\$ -	\$ 1,517
650 Transportation	11,021	1,102	\$ 12,123	\$ (1,356)	\$ 10,767
656 Vehicle Insurance	4,374	1,137	\$ 5,511	\$ 309	\$ 5,820
657 General Liability Insurance			\$ -	\$ 9,011	\$ 9,011
658 Workers' Comp Insurance	3,296		\$ 3,296	\$ -	\$ 3,296
659 Insurance - Other (Property)	12,934	3,363	\$ 16,297	\$ (12,229)	\$ 4,068
666 Amortz. of Rate Case			\$ -	\$ -	\$ -
667 Gross Revenue Fee (PUC)			\$ -	\$ 6,227	\$ 6,227
670 Bad Debt Expense	1,192	800	\$ 1,992	\$ -	\$ 1,992
671 Cross Connection Control Program			\$ -	\$ -	\$ -
673 Training and Certification	1,708	292	\$ 2,000	\$ 1,042	\$ 3,042
674 Consumer Confidence Report	200		\$ 200	\$ -	\$ 200
675 Miscellaneous Expense	182		\$ 182	\$ -	\$ 182
OE1 Other Expense 1 (Company Meals)	421	79	\$ 500	\$ (500)	\$ -
OE2 Other Expense 2 (Small Engine Repair)	259		\$ 259	\$ (259)	\$ -
OE3 Other Expense 3 (Materials and Supplies)	8,822		\$ 8,822	\$ (8,822)	\$ -
OE4			\$ -	\$ -	\$ -
OE5			\$ -	\$ -	\$ -
TOTAL OPERATING EXPENSE	\$ 561,415	\$ 348,972	\$ 910,387	\$ (86,597)	\$ 823,790

OTHER REVENUE DEDUCTIONS

403 Depreciation Expense	211,258		\$ 211,258	\$ 9,185	\$ 220,443
406 Amort of Plant Acquisition Adjustment			\$ -	\$ -	\$ -
407 Amortization Expense			\$ -	\$ -	\$ -
408.11 Property Tax	75,866	2,276	\$ 78,142	\$ 25,458	\$ 103,600
408.12 Payroll Tax			\$ -	\$ -	\$ -
408.13 Other			\$ -	\$ 1,233	\$ 1,233
409.10 Federal Income Tax	36,520		\$ 36,520	\$ 5,772	\$ 42,292
409.11 Oregon Income Tax	12,289		\$ 12,289	\$ 1,942	\$ 14,231
409.13 Extraordinary Items Income Tax			\$ -	\$ -	\$ -
TOTAL REVENUE DEDUCTIONS	\$ 897,348	\$ 351,248	\$ 1,248,596	\$ (43,006)	\$ 1,205,590
Net Operating Income	\$ (25,193)	\$ 172,242	\$ 147,049	\$ 31,213	\$ 178,262

UTILITY RATE BASE

101 Utility Plant in Service	7,617,366		\$ 7,617,366	\$ 226,998	\$ 7,844,364
105 Construction Work in Progress			\$ -	\$ -	\$ -
108 - Accumulated Depreciation of Plant	3,684,177		\$ 3,684,177	\$ 748,150	\$ 4,432,327
271 - Contributions in Aid of Construction	841,652		\$ 841,652	\$ (5,917)	\$ 835,735
272 + Accumulated Amortization of CIAC	615,058		\$ 615,058	\$ 185,320	\$ 800,378
281 - Accumulated Deferred Income Tax			\$ -	\$ -	\$ -
- Excess Capacity			\$ -	\$ -	\$ -
= NET RATE BASE INVESTMENT	\$ 3,706,595	\$ -	\$ 3,706,595	\$ (329,916)	\$ 3,376,679
Plus: (working capital)					
151 Materials and Supplies Inventory			\$ -	\$ 8,822	\$ 8,822
Working Cash (Total Op Exp /12)			\$ -	\$ 68,649	\$ 68,649
TOTAL RATE BASE	\$ 3,706,595	\$ -	\$ 3,706,595	\$ (252,444)	\$ 3,454,151
Rate of Return	-0.68%		3.97%		5.16%

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

NAMING RATES FOR

AGATE WATER COMPANY

60107 Minnetonka Lane
Bend OR 97702

(541) 382-2855

Serving water in the vicinity of

Bend, Oregon

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SCHEDULE NO. 1

RESIDENTIAL/COMMERCIAL METERED RATES

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

Applicable: To residential premises.

Base Rate

SERVICE METER SIZE	MONTHLY BASE RATE	USAGE ALLOWANCE
5/8 inch or 3/4 inch	\$51.55	0
1 inch	\$128.88	0
1½ inches		
2 inches	\$412.41	0
3 inches		
6 inches		

Commodity Usage Rate

FOR SERVICE FROM:	COMMODITY RATE	NO. OF UNITS	MEASURING UNIT
October 1, 2025, to September 30, 2026	\$1.65	Per Unit	1 unit = 100 CU/FT
October 1, 2026, to September 30, 2027	\$1.90	Per Unit	1 unit = 100 CU/FT
October 1, 2027, to September 30, 2028	\$2.13	Per Unit	1 unit = 100 CU/FT

Special Provisions:

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

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SCHEDULE NO. 2

CROSS CONNECTION CONTROL PROGRAM Backflow Prevention Device Services and Fees

PURPOSE: To ensure the system is able to provide safe and clean water.

APPLICABLE: To all residential and commercial/industrial premises.

REQUIREMENT: All Agate service connections are to be equipped with a Backflow Prevention Assembly (BPA) or with a company approved assembly, unless notified otherwise by the company in writing. BPA devices must be installed as close to the water meter as practical. At its discretion, the utility may install its own, or require the customer to install, a BPA device. This includes, but is not limited to the following service connections:

1. Any new connection,
2. Any property which is sold or transferred,
3. Any rental property that changes occupancy,
4. Any property on which any change in water use is made, i.e., new sprinkler system, hot tub, solar panels, dark room, etc., and
5. Any property on which Agate Water personnel detect a potential threat for the system.

Prior to starting or reconnecting service, newly installed BPA devices must pass the utility's inspection after installation.

PROGRAM DESCRIPTION

1. TESTING SERVICE - The customer will have the required BPA tested annually by a state certified tester pursuant to Oregon Administrative Rules 333-061-0070 through OAR 333-061-0072.
2. MAINTENANCE AND REPAIR SERVICE - The customer must ensure the BPA is maintained and any needed repairs are completed in a timely manner. If required, replacement of BPA is the responsibility of the customers.
3. REPORTING - The customer must provide the Testing result listed in No. 1. above to the utility during the annual recertification period.

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SCHEDULE NO. 2 (Cont.)

CROSS CONNECTION CONTROL PROGRAM Backflow Prevention Device Services and Fees

CUSTOMERS WHO FAIL TO PROVIDE BPA TEST RESULTS

Customers who fail to provide the Utility with annual BPA test results by the customer's annual deadline will be disconnected from water service pursuant to OAR 860-036-1680.

SPECIAL PROVISIONS:

1. The customer can choose any qualified State certified company or individual to test, maintain, and repair their BPA device.
2. The Utility will notify each customer of the recertification 30 days prior to the annual test results due date. Annual test results must be provided to the Utility on or before the customers' annual deadlines.
3. The Utility does not offer any BPA device maintenance, repairs, or testing.

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SCHEDULE NO. 3

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 Nos. 8 & 9)

Standard 5/8-inch service	At cost
Nonstandard 5/8-inch service	At cost
Larger than 5/8-inch	At cost
Irrigation hookup (if provided on separate system)	At cost

Meter Test (Rule Nos. 19 & 20)

First test within 12-month period	N/C
Second test within 12-month period	<u>\$50</u>

Pressure Test (Rule No. 39)

First test within 12-month period	N/C
Second test within 12-month period	<u>\$50</u>

Late-Payment Charge (Rule No. 21)

Pursuant to OAR 860-036-1400

Deposit for Service (Rule No. 5)

Pursuant to OAR 860-036-1220

Returned Payment Charge (Rule No. 22)

\$10

Credit Card Payment Charge (Rule No. 22)

\$1.20 per transaction

Trouble-Call Charge (Rule No. 35)

During normal office hours	<u>\$50 per hour</u>
After normal office hours on special request	<u>\$100 per hour</u>

Disconnection/Reconnect Charge (Rule Nos. 28 & 29)

During normal office hours (Mon-Fri)	<u>\$40</u>
After normal office hours on special request (5pm to 6pm excluding weekends and holidays)	<u>\$100</u>

Disconnect Site-Visit Charge (Rule No. 29)

\$30

Unauthorized Restoration of Service (Rule No. 30)

Reconnection charge plus costs

Damage/Tampering Charge (Rule No. 28)

At cost

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RULES AND REGULATIONS

Rule 1: Jurisdiction of the Commission

Water systems are subject to regulation as provided under ORS Chapter 757

Rule 2: Definitions

- A. "Applicant" means a person who does not meet the definition of a customer, who applies for service with a water utility.
- B. "Commission" shall mean the Public Utility Commission of Oregon.
- C. "Commercial service" means water service provided by the water utility that the customer uses in the promotion of a business or business product that is a source of revenue or income to the customer or others using the premises.
- D. "Customer" means a person who is currently receiving water service and is entitled to certain rights as a customer under these rules. A residential customer retains customer status for 20 calendar days following voluntary disconnection of service and must be treated as a customer if he or she reapplies for service within that 20 calendar day period.
- E. "Customer's service line" is defined as the facilities used to convey water from the point of connection to the customer's point of usage. The customer owns and maintains the customer service line.
- F. "Residential service" means water service provided for domestic or irrigation purposes in a residential area and is not considered a commercial service.
- G. "Served" for purpose of delivery of any required notice or document, unless otherwise specifically noted, means: delivered in person, by personal contact over the telephone, or in writing delivered to the party's last known address. If delivered by US Mail, the notice is considered served two calendar days after the date postmarked, the date of postage metering, or deposit in the US Mail, excluding Sundays and postal holidays.
- H. "Utility" shall mean: Agate Water Company
- I. "Water service connection" is defined as the facilities used to connect a water utility's distribution network to the point of connection at the customer's service line. The water utility owns and maintains the water service connection.

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APPLICATION FOR SERVICE

Rule 3: Information for Applicants and Customers (OAR 860-036-1100)

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

- A. A copy of its approved tariffs or statement of rates;
- B. A copy of the utility’s rules and regulations applicable to the type of service being provided; and
- C. The option to receive electronic copies of all written notices to be issued on the customer’s account.

Rule 4: Application for Service (OAR 860-036-1200)

Application for water service must be made for each individual property to be served. The application shall identify the name of the applicant, the service address, the billing address, the contact information where the applicant can be reached, the type of water service requested and its intended use, and the name to be used to identify the account, if different than the applicant’s actual name. The applicant shall, at this time, pay any scheduled fees or deposits. An application is a request for service and shall not be accepted until the applicant establishes credit as set forth in OAR 860-036-1210.

An application for service must be made where:

- A. An applicant, who has not previously been served by the Utility, requests service; or
- B. Service has been involuntarily discontinued in accordance with the Utility and Commission rules, and service is requested; or
- 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 type of use to which the water is put, or the number of premises served.

Rule 5: Establishment of Credit, Surety Agreements, Deposits, Interest, and Refunds of Deposits (OAR 860-036-1210, 1220, 1230, 1240, 1250, and 1260)

The utility may require an applicant or customer to pay a deposit as a guarantee of payment for services provided. Amounts held by a water utility may not exceed one-sixth of the actual or estimated annual billing for the premises. (OAR 860-036-1220)

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The water utility may adjust the deposit amount when a customer moves to a new location within the water utility's service area, and the anticipated bill at the new residence will be at least 20 percent greater than the basis of the existing deposit. (OAR 860-036-1220(5))

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 its water service bills for 12 consecutive months without having had service discontinued for nonpayment, or did not have 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, or
- 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 (OAR 860-036-1300(2))

The customer shall own and maintain the customer service line and promptly repair all breaks and leaks. For non-metered service, the customer service line begins at the property line or utility-owned shut-off valve. For metered service, the customer service line begins on the customer's side of the meter or utility-owned shut-off valve. The Utility shall not be responsible for any damage or poor service due to inadequacy of the customer service line or any portion of the customer's plumbing. All leaks in the customer service 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: Water Service Connections (OAR 860-036-1300)

The water service connection is defined as the facilities used to connect the Utility's distribution network to the point of connection at the customer's service line. The Utility owns, operates, maintains, and replaces the service connection when necessary and promptly repairs 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.

Rule 9: Service Connection Charge (OAR 860-036-1300(3))

An applicant requesting permanent water service to a premise not previously supplied with permanent service by the Utility may be required to pay the cost of the service connection, including or excluding the meter as provided in Rule No. 8 and the Utility's Miscellaneous Service Charges in this tariff.

Rule 10: Main Line Extension Policy (OAR 860-036-1310)

A main line extension is defined as the extension of the Utility's main line necessary to provide service to a customer when the property does not currently have main line frontage.

Main line extension charges, if any, are stated in the Utility's tariff or statement of rates.

The Utility maintains a main line extension policy that lists all applicable charges; and describes the advance and refund provisions, including a description of the mechanisms for collecting and rebating the amount charged equitably among the customers who paid for the cost of the line, and provides the time period during which the advance and rebate provisions apply.

Rule 11: 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 12: Multiple Residences/Commercial Users

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

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Rule 13: Utility Access to Private Property (OAR 860-036-1370, -1500)

Customers shall provide regular access to Utility-owned service lines that may extend onto the customer’s premises 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 14: Restriction on Entering a Customer Residence (OAR 860-036-1330)

No 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 15: Refusal of Service Due to Customer Accounts (OAR 860-036-1270)

The Utility may refuse to provide service if:

- A. 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.

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.

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Rule 16: 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, resources or capacity 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 within seven calendar days, informing applicant that the details upon which the Utility's decision was based may be requested.

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

The Utility will refuse service to an applicant 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 applicant within seven calendar days stating the reason(s) for refusal and providing information regarding the Commission's complaint process.

METERS

Rule 18: Utility Meters (OAR 860-036-1350)

The Utility owns, maintains, and operates all meters. Meters placed in service will 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 will be provided with a suitable cover.

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Where additional meters are installed by the Utility or relocated for the convenience of the customer, the actual cost incurred for any meter relocation requested by the customer will be assessed.

The 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.

Rule 19: Meter Testing (OAR 860-036-1350)

The meter will be tested prior to or within 30 days of installation to determine it is accurate to register not more than two percent error. No meter will be allowed to remain in service if it registers an error in excess of two percent (fast or slow) under normal operating conditions. The Utility will maintain a record of all meter tests and results. Meter test result records will include:

- A. Meter identification number and location;
- B. Reason for making the test;
- C. Method of testing;
- D. The beginning and ending meter readings;
- E. Test results and conclusion; and
- F. All data taken at the time of the test.

Rule 20: Customer-Requested Meter Test (OAR 860-036-1360)

A customer may request that the Utility test the service meter once every 12 months at no cost. Such test shall be made within seven calendar days of the receipt of the request unless the customer fails to provide the Utility reasonable access to the meter. The customer or the customer’s representative has the right to be present during the test, which is to be scheduled at a mutually agreeable time. Within seven calendar days of performing the requested meter test, report shall be provided to the customer stating:

- A. The name of the customer requesting the test and the service address where the meter was tested;
- B. The date the meter test was requested and the date the meter test was performed;
- C. The name of the person performing the test;
- D. The meter identification number and location;
- E. The beginning and ending meter readings; and
- F. The actual test results and conclusion.

If a customer requests a meter test more often than once in any 12-month period, and the test results indicate that the meter is registering within the two percent performance standard, the

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customer may be assessed a reasonable charge for the test if the charge is included in the Miscellaneous Service Charges Schedule. If the meter registers outside the two percent performance standard, the Utility may not charge the customer for the meter test.

BILLING

Rule 21: Billing Information and 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 at least 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 **(check one)** monthly, bimonthly, or quarterly on the corresponding day of each meter reading or billing period. The bill will be rendered immediately thereafter. The Utility will provide its customers with timely billings every month or as indicated in its tariffs or statement of rates.

All water service bills will show:

- A. Separate line items for past due balance, payments and credits, new charges, late fees, and total account balance;
- B. The date new charges are due;
- C. Calculation of new charges including base or flat rate, usage billing tiers and rates, beginning and ending meter readings, the dates the meter was read, rate schedule, billing period, and number of days in the billing period;
- D. The date any late payment charge was applied and an explanation of the terms of the late payment charge; and
- E. Any other information necessary for the computation of 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.

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 28 & 29, prior to or after the Utility assesses the late payment charge.

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Rule 22: Returned Payment Charge and Credit Card Payment Charge

The Returned Payment Charge listed on the Miscellaneous Service Charges Schedule shall be billed for each occasion when a customer submits any type of noncash payment (check, debit, electronic, etc.) that is not honored, for any reason, by a bank or other financial institution.

The Credit Card Payment Charge listed on the Miscellaneous Service Charges Schedule shall be charged each time a customer payment is submitted by credit card.

Rule 23: 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, a reasonable effort will be made to read the meter upon opening and closing a customer's account. Consumption will be charged at scheduled rates. Any minimum monthly charge will be prorated.

Rule 24: Adjustment of Bills (OAR 860-036-1440)

When an overbilling occurs, the Utility will refund or credit amounts incorrectly collected. No refund or credit will be issued for incorrect billings which occurred more than three years before the incorrect billing was discovered.

When an underbilling occurs, the Utility will issue a bill to collect amounts owing for the 12-month period ending on the date on which the water utility issued the last incorrect bill. When such under collected amounts are billed to customers, the Utility will provide written notice to the customer detailing:

- A. The circumstances and time period of the billing error;
- B. The corrected bill amount and the amount of the necessary adjustment;
- C. The Commission's consumer complaint process; and
- D. The right for a current or former customer to enter into a time-payment agreement with the Utility.

The Utility will not bill for services provided more than two years before the underbilling was discovered. No billing adjustment will be required if a meter registers less than two percent error under conditions of normal operation. The Utility may waive rebilling or issuing a refund check when the costs make such action uneconomical.

Rule 25: Transfer Billings (OAR 860-036-1450)

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If the Utility determines that a customer owes an amount from a closed account the customer previously held with the Utility, the Utility may transfer the closed account balance to the customer's current account.

The Utility will give the customer prior notice of the transfer, including:

- A. The amount due under the prior account; and
- B. The period when the balance was incurred; and
- C. The service address under which the bill was incurred.

If the customer has an amount remaining on an existing time-payment agreement, the customer may enter into a new time-payment agreement to include the transfer. The Utility will not transfer a balance owing on a non-residential account to a residential account.

DISCONNECTION OF WATER SERVICE

Rule 26: 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 27: Emergency Disconnection (OAR 860-036-1630)

The Utility may terminate service in emergencies when life or property is endangered without following the procedures set forth in OAR 860-036-1630. Immediately thereafter, the Utility will

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notify the customer and the Commission. When the emergency termination was through no fault of the customer, the Utility shall not charge the customer for disconnection or restoration of service.

Rule 28: Disconnection of Water Service Charge for Cause (OAR 860-036-1500, -1510, -1520, -1530, and 1550)

The Utility may disconnect service when:

- A. A customer fails to pay charges due for services rendered under a water utility tariff or statement of rates;
- B. A customer fails to pay a deposit, fails to timely provide a surety under OAR 860 036-1230 or comply with its terms, or fails to comply with the terms of a deposit installment agreement under OAR 860-036-1240;
- C. A customer fails to comply by the terms of a payment agreement under OAR 860 036-1240(3) or 860-036-1420;
- D. A customer provides false identification to establish or to continue service;
- E. A customer has facilities that do not comply with the applicable codes, rules, regulations, or the best practices governing safe and adequate water service, including compliance with the water utility's Cross Connection Control Program;
- F. A customer fails to provide reasonable access to the meter or premises;
- G. A customer tampers with water utility facilities or engages in theft of service or unauthorized use of water;
- H. A customer fails to comply with water restriction requirements under OAR 860-036-1670; or
- I. The Commission approves the disconnection of service.

If the disconnection is due to failure to pay a deposit, secure a surety agreement, abide by a deposit installment agreement, abide by the terms of a payment arrangement, or due to the theft of service, tampering with utility property, diverting water, or unauthorized use of water, the Utility will provide one 7-day written disconnection notice prior to disconnection. For other disconnections, the Utility will provide two written notices in advance of disconnection: one 15-day notice and one 7-day notice.

If the disconnection is due to a customer's failure to comply with a water use restriction imposed under OAR 860-036-1670, the utility may disconnect the customer without issuing either a 15-calendar day or 7 calendar day disconnection notice.

The notices shall include:

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- A. The name, mailing address, telephone number, emergency telephone number, and email address or website of the Utility,
- B. State that the customer’s water service is subject to disconnection on or after a specific date;
- C. Provide the grounds for the proposed disconnection;
- D. State what actions the customer must take in order to avoid disconnection; and
- E. A statement that the customer may dispute the disconnection by contacting the Commission’s Consumer Services Section.

If the disconnection notice is for nonpayment, the notice shall also include:

- A. The amount the customer must pay to avoid disconnection;
- B. Provide information about the customer’s eligibility for a time-payment agreement provided in OAR 860-036-1420 for residential customers, unless the customer is being disconnected for failing to comply with an existing time-payment agreement or has engaged in theft of service, tampering with utility property, diverting water, or unauthorized use of water; and;
- C. A statement that once service is disconnected, the water utility will reconnect service only after the customer reapplies for service and pays all applicable charges..

The 7-calendar day and 15-calendar day advance written notices of disconnection will be hand-delivered in person to the customer or adult at the premises, or sent by the US Mail to the customer’s billing address and designated representative. Mailed notices are considered served two calendar days after deposited in the US Mail, excluding Sundays and postal holidays. If the customer has requested to receive notices electronically, the Utility will provide an electronic notice in addition to the written notices.

Within 48 hours of disconnection, the Utility will make a good-faith effort to contact the customer or an adult at the residence and provide notice 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 disconnected.

Disconnection of Water Service to Tenants:

- A. If a water utility's records show that a residential billing address is different from the service address, the water utility must mail a duplicate notice to the service address, unless the utility has verified that the service address is occupied by the customer.
- B. If a water utility's records show that the service location is a master-metered, multi-dwelling service address, the water utility must provide a duplicate of the 7-calendar day disconnection notice to each unit at the service address. The disconnection notice

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- must be addressed to "Tenant." The envelope must bear a bold notice stating, "IMPORTANT NOTICE REGARDING DISCONNECTION OF WATER UTILITY SERVICE." Tenant notices may not include the dollar amount owing.
- C. The water utility must notify the Consumer Services Section at least seven calendar days before disconnecting service to a master-metered, multi-dwelling premise.

Time Payment Agreements (OAR 860-036-1420)

Customers who are notified of pending disconnection, due to reasons other than theft of service, tampering, unauthorized use of water, or failure to abide by the terms of a Time Payment Plan, 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 (OAR 860-036-1510(4)(b))

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 will give the customer a 7- day written notice before the water service may be disconnected.

Rule 29: Disconnection, Reconnection and Field Visit Charge (OAR 860-036-1580)

Disconnection and Reconnection Charges

When service was disconnected pursuant to (OAR 860-036-1500), the Utility may charge the disconnect fee and reconnect fee stated in its tariff prior to reconnecting service.

Field Visit Charge

The Utility may assess a field visit charge whenever the Utility visits a residential service address intending to reconnect or disconnect service, but due to customer action, the Utility is unable to complete the reconnection or disconnection at the time of the visit. The field visit charge is listed in the tariff.

Rule 30: Unauthorized Restoration of Service (OAR 860-036-1590)

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 as provided by OAR 860-036-1510.

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Rule 31: Unauthorized Use (OAR 860-036-1590)

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. If the Utility discovers that a customer tampered with or engaged in unauthorized use of utility property facilities, the Utility shall notify the customer of the violations and may take one or more of the following actions:

- A. Repair or restore the facilities and charge the customer the costs incurred;
- B. Adjust the customer’s prior billing for loss of revenue under applicable tariffs or schedule of rates;
- C. Initiate a service disconnection as provided by OAR 860-036-1510;
- D. Require a new application for service that accurately reflects the customer’s proposed water use; and
- E. Assess a deposit for restored or continued service.

Rule 32: Interruption of Service (OAR 860-036-1630, -1640)

The Utility may perform an unscheduled interruption of service as necessary to protect the health and safety of its customers or to maintain the integrity of its system. If an unscheduled interruption of service is required, the water utility must:

- A. Make a reasonable effort to notify the customers affected and the Consumer Services Section in advance of the interruption;
- B. Report the unscheduled interruption to the Consumer Services Section at the contact information provided in OAR 860-001-0020(2), and
- C. Restore service as soon as it is reasonably possible after resolving the issue, unless other arrangements are agreed to by the affected customers.

The Utility may schedule water service interruptions for maintenance and repairs in such a manner that reasonably minimizes customer inconvenience. The Utility will provide advance written notice to all customers affected by any scheduled service interruption, and will post the notice in the utility's office and on its website, if available. The notice will include:

- A. The name, mailing address, telephone number, emergency telephone number, and email address or website of the Utility;
- B. The date, time, and estimated duration of the scheduled interruption;
- C. The purpose of the interruption;

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- D. A statement cautioning customers to avoid using water during service interruptions to prevent debris in the customers' service lines; and
- E. The contact information for the Consumer Services Section provided in OAR 860 001-0020(2).

Notices of scheduled interruptions of service must be served by a door hanger or personal delivery to an adult at the affected premises at least five calendar days in advance of the service interruption or by US Mail at least ten calendar days prior to the service interruption. In addition electronic notice must be provided to customers who requested to receive notices electronically.

Rule 33: Water Usage Restrictions (OAR 860-036-1670)

The Utility shall exercise due diligence to furnish a continuous and adequate supply of water to its customers. During times of water shortage, the Utility will equitably apportion its available water supply among its customers with regard to public health and safety. In times of water shortages, the Utility may restrict water usage after providing written notice to its customers and the Consumer Services Section. Notice will also be posted in the Utility's office and on its website, if available. The notification must state the reason and nature of the restrictions, the date restrictions will become effective, the estimated date the restrictions end, and that failure to comply with the restrictions is grounds for disconnection.

If a customer fails to comply with the water restrictions after receiving written notification, the Utility will provide a separate written warning letter to the customer including:

- A. The date;
- B. The name, mailing address, telephone number, emergency telephone number, and email address or website of the Utility;
- C. The customer's name, account number, mailing address, service address if different;
- D. The water use restrictions and statement of how the customer is violating those restrictions;
- 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. The notice must include the Consumer Services Section's contact information provided in OAR 860-001-0020(2).

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If a customer fails to comply with the water restrictions after receiving written notification and the warning letter, the Utility will consult with the Consumer Services Section to determine if disconnection is appropriate.

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Rule 34: Adequacy of Water Service (OAR 860-036-1600)

The Utility will maintain its facilities according to industry rules, regulations, and standards and in such condition to provide safe, adequate, and continuous service to its customers.

The Utility will not intentionally diminish the quality of service below the level that can reasonably be provided by its facilities.

Rule 35: 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 36: Water Purity (OAR 860-036-1610)

The Utility will provide a domestic water supply that is free from bodily injurious physical elements and disease-producing bacteria and reasonably free from elements that cause physical damage to customer property, including but not limited to pipes, valves, appliances, and personal property.

Rule 37: Water Pressure (OAR 860-036-1650)

The Utility will maintain adequate water pressure. In general, water pressure measuring between 45 and 80 pounds per square inch in the water mains is considered adequate. 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 38: Pressure Surveys (OAR 860-036-1650)

The Utility will maintain permanent pressure recording gauges at various locations to measure the system's water pressure, and will have a portable gauge to measure water pressure in any part of the system. The Utility will maintain all pressure gauges in good operating condition, test periodically for accuracy, and recalibrate or replace when necessary.

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Rule 39: Customer-Requested Pressure Test (OAR 860-036-1660)

Upon customer request, the Utility will perform a water pressure test within seven calendar days of the request. The first pressure test in any 12- month period will be at no charge. If the customer requests an additional pressure test within any 12-month period at the same premises, the Utility will assess the customer a charge in accordance with the service charges set forth in Schedule 9 of the tariff. The pressure will be measured at a point adjacent to the meter on the customer service line or other reasonable point most likely to reflect the actual service pressure.

The Utility will provide a written report to the customer within seven calendar days of the pressure test. The report will include:

- A. The name, mailing address, telephone number, emergency telephone number, and email address or website of the Utility;
- B. The customer’s name and service address where the pressure was tested;
- C. The date the pressure test was requested and the date the pressure test was performed;
- D. The name of the company or employee performing the test;
- E. The place where the pressure was measured;
- F. The actual pressure reading; and
- G. The conclusion based on the test result.

Rule 40: 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 41: 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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