

ORDER NO. 26-190

ENTERED May 27 2026

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

UW 212

In the Matter of

METOLIUS MEADOWS PROPERTY
OWNERS ASSOCIATION,

Advice No. 26-1 (ADV 1864), Water Main
Replacement Surcharge, Schedule 7.

ORDER

DISPOSITION: STAFF'S RECOMMENDATION ADOPTED

At its public meeting on May 26, 2026, the Public Utility Commission of Oregon adopted Staff's recommendation in this matter. The Staff Report with the recommendation is attached as Appendix A.

BY THE COMMISSION:



Alison Lackey
Chief Administrative Law Judge



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 Circuit Court for Marion County in compliance with ORS 183.484.

**PUBLIC UTILITY COMMISSION OF OREGON
STAFF REPORT
PUBLIC MEETING DATE: May 26, 2026**

REGULAR _____ **CONSENT** X **EFFECTIVE DATE** _____ May 27, 2026

DATE: May 12, 2026

TO: Public Utility Commission

FROM: Steph Yamada

THROUGH: Nolan Moser and Russ Beitzel **SIGNED**

SUBJECT: METOLIUS MEADOWS PROPERTY OWNERS ASSOCIATION:
(Docket No. ADV 1864/Advice No. 26-1)
Requests approval to introduce a new Water Main Replacement Surcharge.

STAFF RECOMMENDATION:

Staff recommends that the Commission allow Metolius Meadows Property Owners Association's (MMPOA or Company) proposed Schedule No. 7, introducing a new Water Main Replacement Surcharge, to become effective for service rendered on and after May 27, 2026, subject to the following conditions.

1. All funds collected through Schedule No. 7 will be used to fund the water main improvements described in this memo and not for any other purpose, except that any excess funds will be added to the Company's reserve account and used toward necessary capital improvements in the future.
2. Upon completion of the water main improvements described in this memo, the Company will submit a final report to the Commission showing the amounts collected under Schedule No. 7, the final total cost of the capital expenditure, and the amount transferred to the Company's reserve account, if any.

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DISCUSSION:

Issue

Whether the Commission should allow MMPOA's filed tariff sheet, introducing the Water Main Replacement Surcharge.

Applicable Rule or Law

Under ORS 757.205(1)-(2), a rate-regulated water utility must file schedules showing all rates, tolls, and charges for any service performed by it within the state and all rules and regulations that in any manner affect its rates. Under ORS 757.210, the Commission may approve tariff changes if they are deemed to be fair, just, and reasonable. Tariff revisions may be made by filing revised sheets with the information required under the Commission's administrative rules, including OAR 860-036-2010.

Under ORS 757.220, filings that propose any change in rates, tolls, charges, rules, or regulations must be filed with the Commission at least 30 days before the effective date of the change.

ORS 757.355(2) permits surcharges for specific capital improvements and requires the water utility to use the additional revenues solely for the purpose of completing the capital improvement.

Analysis

Background

MMPOA is a rate and service-regulated nonprofit water utility serving 162 customers in the vicinity of Camp Sherman, Oregon. With this filing, MMPOA proposes to introduce the Water Main Replacement Surcharge. This filing was initially submitted on March 27, 2026, with a proposed effective date of May 27, 2026. MMPOA submitted a revision to the filing on April 7, 2026.

The proposed surcharge will be used to fund the necessary replacement of 2,740 linear feet of water main piping along Metolius Meadows Drive. The Company states that it recently completed a two-year analysis of its distribution system, including engineering and leak detection studies. Through these efforts, MMPOA discovered that a significant stretch of water main was originally installed in the early 1970s with incorrect materials (sub-standard irrigation pipe rather than C900 PVC). This section of piping is now disintegrating, having experienced seven breaks in five years. Its replacement has been identified as an immediate priority.

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Since Camp Sherman is prone to freezing temperatures in colder months (making water main work difficult), MMPOA intends to complete the necessary replacements prior to the upcoming cold season. The project is expected to take approximately three to four months to complete.

Cost

After assessing competitive bids, MMPOA has contracted with BANR Enterprises, LLC to carry out the proposed construction. The work is separated into two phases, with a total estimated cost of \$514,125. The cost estimate is summarized in Table 1 below.

Table 1: Water Main Construction Cost Estimate	
Phase 1	
Description	Cost
Install approx. 2,300 LF of new 6" IPS DR 11 HDPE	\$211,841
Road Crossings (2)	\$17,675
Driveway Sleeves (13)	\$17,810
Driveway Crossing Paving Patch (11)	\$8,840
Gate Valves (3)	\$24,779
Hydrant Reconnect (2)	\$12,861
Tie-ins (2)	\$7,762
Service Connections (35)	\$93,635
Testing and chlorination	\$5,694
Vac Ex to verify utilities	\$11,388
Phase 1 Total	\$412,285
Phase 2	
Description	Cost
Install Apx. 400 LF of New 6" IPS DR 11 HDPE	\$54,428
Road Crossing (1)	\$8,304
Gate Valve (1)	\$9,136
Hydrant Reconnect (1)	\$10,774
Tees (2), Cross (1)	\$2,434
Tie-in's (2)	\$5,372
Service Connections	\$11,392
Phase 2 Total	\$101,840
Estimated Construction Total	\$514,125

MMPOA proposes to add a 10 percent contingency to the estimated construction cost, resulting in a total of \$565,538 to be collected from customers. The contingency is intended to cover any unforeseen or unexpected costs that may arise while the project

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is underway. Any excess funds collected through the proposed surcharge will be added to the Company's reserve account and used to fund necessary capital improvements in the future. Staff finds that the inclusion of a contingency is reasonable, as any excess amount will ultimately be used for necessary system expenditures.

Proposed Tariff

Under its new Schedule No. 7, MMPOA proposes collecting the project cost from its 162 water customers, resulting in a Water Main Replacement Surcharge of \$3,491 per customer. The assessment is to be issued on May 31, 2026, and customers will have 45 days to make payment. Unpaid balances will be charged a late fee of one percent per month. Staff notes this is lower than the current Commission-approved maximum late payment rate, which is 2.4 percent.¹

Public Interest Compliance

MMPOA has communicated extensively with its customers regarding the proposed main line replacement project. The Company states that it has provided customers with quarterly updates throughout this process and held Town Hall meetings on March 14 and March 28 of this year. The Company also sent a detailed email to all customers on March 25, 2026, describing the project scope and costs, including the proposed surcharge amount. MMPOA has relayed to Staff that customer feedback regarding the proposed surcharge has been positive, and the Company has answered all questions customers have brought forth.

Staff notes that MMPOA requested—and the Commission approved—a similar surcharge in 2023 for necessary improvements to the Company's water storage system.² At that time, most customers elected to make a one-time payment of \$4,434, with a small number choosing a ten-year installment option. No customers appeared to object to that assessment.

While the proposed surcharge does not require any formal customer notification to be sent according to applicable statutes and rules, at Staff's suggestion, MMPOA provided informal notification to all customers via email on March 27, 2026. The informal notification included PUC contact information and encouraged customers to contact the PUC with questions or concerns by April 15, 2026. No customers reached out regarding the proposed surcharge. Staff finds no evidence that the proposed surcharge would represent an excessive financial burden for any MMPOA customer.

Prior to deciding on the proposed surcharge, MMPOA considered other funding alternatives, including grants and borrowing. The Company determined that the

¹ Order No. 25-459.

² Docket No. ADV 1484.

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demographics of its customer base would disqualify it from receiving grants and forgivable loans. While financing was available from commercial lenders, the Company ultimately determined that the terms and financing costs would result in excessive rate impacts. Though the proposed surcharge requires a larger up-front payment from each customer, the avoidance of loan costs will result in a lower total cost per customer.

The Company has reviewed a draft of this memo and has not noted any concerns.

Conclusion

Staff finds that the proposed Water Main Replacement Surcharge complies with applicable statutes and rules and should be approved.

PROPOSED COMMISSION MOTION:

Allow MMPOA's proposed Schedule No. 7, introducing the Water Main Replacement Surcharge, to become effective for service rendered on and after May 27, 2026.

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