ORDER NO. 19-399

ENTERED Nov 21 2019

BEFORE THE PUBLIC UTILITY COMMISSION

OF OREGON

UW 177

In the Matter of CLEARWATER SOURCE, LLC Request for a General Rate Revision.	ORDER

DISPOSITION: STIPULATION ADOPTED

I. INTRODUCTION

In this order, we adopt an uncontested stipulation between the parties resolving all issues related to the application for a general rate revision by Clearwater Source, LLC (Clearwater). A copy of the stipulation is attached to this order, as Appendix A, with its three attachments: Attachment A (Revenue Requirement), Attachment B (tariffs), and Attachment C (Purchase Water Adjustment example). As a result of this stipulation, base rates for Clearwater water customers will increase from $17.24 to $26.18, for an average customer monthly bill increase from $26.52 to $40.28. For wastewater customers, the base rate will increase from $14.13 to $33.36, and a commodity rate increase from $3.05 to $4.75, for an average customer monthly bill increase from $21.71 to $51.33.[1]

II. BACKGROUND

Clearwater is a privately owned, rate regulated, water utility located in Salem, Oregon. Clearwater purchases water and wastewater services from the City of Salem, and resells and distributes these services to approximately 22 residential customers in a developed mobile home park. Clearwater's owner, Alain Cailler, purchased the utility for $1.00, despite a net book value of the utility's assets, at the time of the purchase, of $40,129. Clearwater's rates were first approved in Order No. 09-158, entered May 4, 2009. Clearwater represents that the utility has been operating at a deficit for some time due to rates not being revised for over 10 years while supplier (City of Salem) charges have doubled and $25,000 in capital improvement investments have been made to the system.

[1] Staff/100, Beitzel/13.

On June 18, 2019, Clearwater filed tariff sheets in Advice No. 19-2 seeking a general increase in customer rates. The general rate case application used a test year of January 1, 2018 through December 31, 2018. The application seeks an annual revenue requirement of $27,365. This amount is $14,632 greater than test period revenues of $12,733, and represents an increase of 115 percent. The request includes a proposed rate base of $61,570, with a 5.64 percent rate of return. The request would raise the average monthly water bill from its current amount of $26.52 (base rate of $17.24 with a commodity rate of $3.73 per 100 cubic feet of water use) to $56.99 (proposed base rate of $37.05 with a commodity rate of $8.02 per 100 cubic feet of water use). For wastewater, the request would raise the average monthly bill from $21.71 (base rate of $14.13 and a commodity rate of $3.05 per 100 cubic feet) to $46.67 (proposed base rate of $30.37 with a commodity rate of $6.56 per 100 cubic feet of water use).

In Order No. 19-216, we suspended the company's filing for investigation and analysis, including a comprehensive examination of Clearwater's revenues, expenses, proposed adjustments, rate base, capital improvements, and cost of capital, as well as rate spread and design. A public comment hearing and prehearing conference were held on July 29, 2019. Several customers of Clearwater participated in the public comment hearing. No customers intervened as parties. Parties held a settlement conference on September 11, 2019, and a motion to suspend the remaining procedural schedule to provide time to develop a stipulation was granted on October 3, 2019. On October 31, 2019, a stipulation signed by Clearwater and Staff of the Public Utility Commission of Oregon (Staff) (collectively, Stipulating Parties), along with supporting testimony were filed.[2] The stipulation was uncontested.

III. THE STIPULATION

The Stipulating Parties agree to an annual revenue requirement of $24,184, which is a 90 percent increase over the 2018 test period revenues.[3] This amount reflects an agreement to use an annualized amount for the City of Salem's most current rates, as well as several adjustments for expenses related to computers, telephones, contract services for testing and accounting, and office supplies and postage.

The revenue requirement also includes an opportunity for Clearwater to earn a 9.5 percent rate of return on an adjusted rate base of $24,983.[4] This amount reflects a downward adjustment to Clearwater's rate base to reflect Mr. Callier's initial purchase of

[2] On November 15, 2019, Staff filed a motion to admit the Stipulation and the Supporting Testimony. The motion is granted and the Stipulation and Supporting Testimony are moved into evidence.
[3] *Id.* at 6.
[4] Stipulation at 1 (Oct 31, 2019).

the utility for $1.00, an amount that was well below the net book value of the acquired assets. A negative utility acquisition occurs when an asset is purchased for less than the net book value of the plant in service. Although the general policy is to value rate base after a utility acquisition at net book value rather than purchase price, the Stipulating Parties agree that a negative acquisition adjustment to Clearwater's rate base, at this time, is an appropriate exception as a ratemaking method to recover sufficient revenue while mitigating the total rate increase for customers.[5]

The Stipulating Parties also agree that Clearwater will implement a Purchase Water Adjustment (PWA) that will function as an automatic adjustment clause, as defined in ORS 757.210(1)(b),[6] effective no sooner than January 1, 2020, upon receipt of a rate change from the utility's water supplier, currently the City of Salem. The Stipulating Parties agree that Clearwater will use Schedule No. 4 tariff procedures specified in Attachment B of the stipulation (Appendix A) to implement the PWA and new rates. Calculation of new rates will be determined using the spreadsheet shown in Attachment C to the stipulation (Appendix A). Since Clearwater is a water and wastewater utility that purchases those services and resells them to its customers, the PWA is appropriate and beneficial, the Stipulating Parties assert, because it keeps Clearwater's rate consistent with supplier rates without the cost and delay associated with a rate case.

There is only one class of customers for both water and wastewater services from Clearwater, and the Stipulating Parties agree that rate design will remain at a 65/35 split between monthly base and commodity rates, respectively. For water customers, as a result of the stipulation, the base rate will increase from $17.24 to $26.18, with no commodity rate change (per 100 cubic feet), for an average customer monthly bill increase from $26.52 to $40.28, assuming that water usage remains the same as the test year. For wastewater customers, as a result of the stipulation, the base rate will increase from $14.13 to $33.36, and a commodity rate increase (per 100 cubic feet) from $3.05 to $4.75, for an average customer monthly bill increase from $21.71 to $51.33, assuming that wastewater usage remains the same as the test year.[7]

---

[5] Although this negative acquisition adjustment is being made subsequent to Clearwater's purchase, OAR 860-036-2130 recognizes the ability of the party acquiring a utility to request that some or all of the difference between the net book value and purchase price be recognized in rate base based on customer benefit and on a case-by-case basis.

[6] Under ORS 757.210(1)(b) an automatic adjustment is a rate schedule provision that allows a rate increase or decrease, or both, without prior hearing, to reflect certain incurred costs, taxes paid or revenues, and that is subject to Commission review at least once every two years.

[7] Staff/100, Beitzel/13.

IV. RESOLUTION

After reviewing Staff's testimony, we find that Staff performed a comprehensive review of Clearwater's application and fully considered the issues presented. We find the stipulation to be a reasonable resolution of these issues and adopt the stipulation in its entirety. In so doing, we acknowledge the stipulation's negative acquisition adjustment to Clearwater's rate base as an appropriate one-time and, therefore, non-precedential means to balance revenue recovery with the mitigation of the total rate increase. We also recognize the stipulation's implementation of a PWA as an effective approach to keep Clearwater's rate increases consistent with the rate increases of its supplier, currently the City of Salem.

V. ORDER

IT IS ORDERED that:

1. Advice No. 19-2 filed by Clearwater Source, LLC is permanently suspended.

2. The stipulation between Clearwater Source, LLC and the Staff of the Public Utility Commission of Oregon, attached as Appendix A, is adopted.

3. Clearwater Source, LLC is authorized to immediately file tariffs in accordance with the adopted stipulation, with an effective date of January 1, 2020.

4. Clearwater Source, LLC is authorized to implement a Purchase Water Adjustment, to be effective not sooner than January 1, 2020, upon receipt of a rate change from its water supplier, currently the City of Salem.

Made, entered, and effective Nov 21 2019.

Megan W. Decker
Chair

Stephen M. Bloom
Commissioner

Letha Tawney
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.

BEFORE THE PUBLIC UTILITY COMMISSION

OF OREGON

UW 177

In the Matter of Clearwater Source, LLC Request for a General Rate Revision	STIPULATION

Clearwater Source, LLC (Clearwater or the Company), appearing by and through its owner, Alain Cailler, and the Public Utility Commission of Oregon Staff (Staff), appearing by and through its attorney, Sommer Moser, Assistant Attorney General enter into this Stipulation resolving all issues in this case. The parties are hereafter collectively referred to as the Stipulating Parties.

1. The Stipulating Parties support entering into evidence, without requiring any Stipulating Party to lay a foundation for their admission, this Stipulation and its Attachments A (revenue requirement), B (tariffs), C (Purchase Water Adjustment example), Staff's Testimony in Support of the Stipulation (Exhibit Staff/100), and additional supporting exhibits (Exhibit Staff/101-103).

2. The Stipulating Parties agree to support and recommend that the Commission adopt a total revenue requirement of $24,184, which includes a 9.5 percent rate of return on a total rate base of $24,983 and reflects an increase of 90 percent over the 2018 test period revenues. The stipulated revenue requirement is contained in Attachment A to this Stipulation.

3. The Stipulating Parties agree to and support the rates, fees, rules, and regulations contained in Attachment B to this Stipulation, which includes Clearwater's tariff sheets PUC Oregon No. 3, Original Sheet Nos. 1 through 23.

4. The Stipulating Parties agree to rates being effective for service rendered on and after January 1, 2020, if the Commission enters an order adopting this Stipulation before January 1, 2020. The Stipulating Parties agree to encourage the Commission to enter an order approving this Stipulation before January 1, 2020.

5. The Stipulating Parties agree that, for metered accounts, Clearwater's rate design will apply a 65/35 split between monthly base rates and commodity rates.

6. The Stipulating Parties agree that, for rate making purposes, a negative acquisition adjustment will value the originally purchased assets at their purchase price of $1. Subsequent investments will be valued at their net book value.

7. The Stipulating Parties agree that Clearwater will implement a Purchase Water Adjustment (PWA), to be effective not sooner than January 1, 2020, upon receipt of a rate change from its water supplier, currently City of Salem. Clearwater will use procedures detailed in its tariffs as shown in Attachment B and the spreadsheet, provided by Staff, to determine a PWA commodity rate as shown in Attachment C to this Stipulation. For each adjustment to rates, Clearwater will file new tariff sheets with the Public Utility Commission and send to its customers at least thirty days prior to their effective date.

8. Clearwater acknowledges that, if the Commission adopts this Stipulation, Clearwater may not later act contrary to the terms of this Stipulation without first seeking and obtaining a modification of the relevant Commission order approving the Stipulation. Clearwater additionally acknowledges that future property transactions, affiliated interest transactions, and new debt transactions may also require Commission filings and advance Commission approval.

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

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

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

12. The Stipulating Parties understand that this Stipulation is not binding on the Commission in deciding Clearwater's application for a general rate increase and does not foreclose the Commission from addressing any other issues.

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

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

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

DATED: 10/30/19

for Sommer Moser OSB # 105260
Assistant Attorney General
Of Attorneys for PUC Staff

DATED: 10/30/2019

Alain Cailler
Owner of Clearwater Source, LLC

Clearwater Source, LLC
UW 177
2018

Attachment A
Page 1

Revenue Requirement

				Company Proposed Increase		Staff Proposed Increase
				0.00%		90%
	REVENUES	**Test Year**	**Company Adjustments**	**Company Proposed Totals**	**Staff Adjustments to Company Totals**	**Staff Proposed Totals**
460	Unmetered			$ -		$ -
461.1	Residential	12,733		$ 12,733	11,451	$ 24,184
	Total Revenue	**$ 12,733**	**$ -**	**$ 12,733**	**$ 11,451**	**$ 24,184**
Acct .	**OPERATING EXPENSES**					
601	Salaries and Wages - Employees			$ -	$ -	$ -
603	Salaries and Wages - Officers		7,200	$ 7,200	$ -	$ 7,200
604	Employee Pension & Benefits			$ -	$ -	$ -
610	Purchased Water	8,400		$ 8,400	$ 501	$ 8,901
611	Telephone/Communications			$ -	$ 550	$ 550
615	Purchased Power			$ -	$ -	$ -
616	Fuel for Power Production			$ -	$ -	$ -
617	Other Utilities			$ -	$ -	$ -
618	Chemical / Treatment Expense			$ -	$ -	$ -
619	Office Supplies	1,800		$ 1,800	$ (1,080)	$ 720
619.1	Postage			$ -	$ 150	$ 150
620	O&M Materials/Supplies			$ -	$ -	$ -
621	Repairs to Water Plant			$ -	$ -	$ -
631	Contract Svcs - Engineering			$ -	$ -	$ -
632	Contract Svcs - Accounting			$ -	$ 425	$ 425
633	Contract Svcs - Legal			$ -	$ -	$ -
634	Contract Svcs - Management Fees			$ -	$ -	$ -
635	Contract Svcs - Testing			$ -	$ 110	$ 110
636	Contract Svcs - Labor			$ -	$ -	$ -
637	Contract Svcs - Billing/Collection	3,600	(3,600)	$ -	$ -	$ -
638	Contract Svcs - Meter Reading			$ -	$ -	$ -
639	Contract Svcs - Other			$ -	$ -	$ -
641	Rental of Building/Real Property			$ -	$ -	$ -
642	Rental of Equipment			$ -	$ -	$ -
643	Small Tools			$ -	$ -	$ -
648	Computer/Electronic Expenses			$ -	$ 942	$ 942
650	Transportation			$ -	$ -	$ -
656	Vehicle Insurance			$ -	$ -	$ -
657	General Liability Insurance			$ -	$ -	$ -
658	Workers' Comp Insurance			$ -	$ -	$ -
659	Insurance - Other			$ -	$ -	$ -
666	Amortz. of Rate Case			$ -	$ 550	$ 550
667	Gross Revenue Fee (PUC)	50		$ 50	$ 23	$ 73
	TOTAL OPERATING EXPENSE	**$ 13,850**	**$ 3,600**	**$ 17,450**	**$ 2,171**	**$ 19,621**
	OTHER REVENUE DEDUCTIONS					
403	Depreciation Expense			$ -	$ 1,347	$ 1,347
406	Amort of Plant Acquisition Adjustment	-		$ -	$ -	$ -
407	Amortization Expense			$ -	$ -	$ -
408.11	Property Tax			$ -	$ -	$ -
408.12	Payroll Tax			$ -	$ -	$ -
408.13	Other			$ -	$ -	$ -
409.10	Federal Income Tax			$ -	$ 631	$ 631
409.11	Oregon Income Tax			$ -	$ 212	$ 212
409.13	Extraordinary Items Income Tax			$ -	$ -	$ -
	TOTAL REVENUE DEDUCTIONS	**$ 13,850**	**$ 3,600**	**$ 17,450**	**$ 4,361**	**$ 21,811**
	Net Operating Income	**$ (1,117)**	**$ (3,600)**	**$ (4,717)**	**$ 7,090**	**$ 2,373**
	UTILITY RATE BASE					
101	Utility Plant in Service			$ -	$ 25,000	$ 25,000
105	Construction Work in Progress			$ -	$ -	$ -
108	- Accumulated Depreciation of Plant			$ -	$ 1,652	$ 1,652
271	- Contributions in Aid of Construction			$ -	$ -	$ -
272	+ Accumulated Amortization of CIAC			$ -	$ -	$ -
281	- Accumulated Deferred Income Tax			$ -	$ -	$ -
	- Excess Capacity			$ -	$ -	$ -
	= NET RATE BASE INVESTMENT	**$ -**	**$ -**	**$ -**	**$ 23,348**	**$ 23,348**
	Plus: (working capital)					
151	Materials and Supplies Inventory			$ -	$ -	$ -
	Working Cash (Total Op Exp /12)			$ -	$ 1,635	$ 1,635
	TOTAL RATE BASE	**$ -**	**$ -**	**$ -**	**$ 24,983**	**$ 24,983**
	Rate of Return	0.00%		0.00%		9.50%

Containing Rules and Regulations
Governing Water Utility Service

NAMING RATES FOR

Clearwater Source, LLC
4754 Center St NE
Salem, OR, 97301

480-322-7924

Serving water in the vicinity of

Salem, Oregon

Issue Date / Filing Date	October 31, 2019	Effective for Service on or after	January 1, 2020
Issued By Utility	Clearwater Source, LLC		

Advice No.

Table of Contents

Schedule No.		Page No.
	Title Page	1
	Table of Contents	2
1	Residential Water Metered Rates	3
2	Residential Wastewater Metered Rates	4
3	Miscellaneous Service Charges	5
4	Purchase Water Adjustment	6
	Rules and Regulations	7

Issue Date / Filing Date	October 31, 2019	Effective for Service on or after	January 1, 2020
Issued By Utility	Clearwater Source, LLC		

Advice No.

SCHEDULE NO. 1

RESIDENTIAL METERED RATES

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

Applicable: To residential premises.

Base Rate

SERVICE METER SIZE	MONTHLY BASE RATE	USAGE ALLOWANCE
5/8 inch or 3/4 inch	26.18	0

Commodity Usage Rate

COMMODITY RATE	NO. OF UNITS	MEASURING UNIT
$3.73	Per Unit	1 unit = 100 cubic 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.

Issue Date / Filing Date	October 31, 2019	Effective for Service on or after	January 1, 2020
Issued By Utility	Clearwater Source, LLC		

Advice No.

SCHEDULE NO. 2

RESIDENTIAL WASTEWATER METERED RATES

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

Applicable: To commercial customers.

Base Rate

SERVICE METER SIZE	MONTHLY BASE RATE	USAGE ALLOWANCE
5/8 inch or 3/4 inch	33.36	0

Commodity Usage Rate

COMMODITY RATE	NO. OF UNITS	MEASURING UNIT
$4.75	Per Unit	1 unit = 100 cubic 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. Wastewater used during the construction of buildings, etc., shall be metered. Charges shall be made at the rates specified in this schedule. When setting of a meter is impracticable, the amount of water used shall be estimated, and the charges shall be made at specified rates for the amounts so estimated.

Issue Date / Filing Date	October 31, 2019	Effective for Service on or after	January 1, 2020
Issued By Utility	Clearwater Source, LLC		

Advice No.

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 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
Meter Test (Rule Nos. 19 & 20)	
First test within 12-month period	N/C
Second test within 12-month period	$25.00
Pressure Test (Rule No. 39)	
First test within 12-month period	N/C
Second test within 12-month period	$25.00
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-Check Charge (Rule No. 22)	$15.00 each occurrence
Trouble-Call Charge (Rule No. 35)	
During normal office hours	$25.00
After normal office hours on special request	$50.00
Disconnection/Reconnect Charge (Rule Nos. 28 & 29)	
During normal office hours	$25.00
After normal office hours on special request	$50.00
Unauthorized Restoration of Service (Rule No. 30)	Disconnection/Reconnection charge plus costs
Damage/Tampering Charge (Rule No. 28)	At cost
Disconnect Site-Visit Charge (Rule No. 29)	$15.00

Issue Date / Filing Date	October 31, 2019	Effective for Service on or after	January 1, 2020
Issued By Utility	Clearwater Source, LLC		

Advice No.

SCHEDULE NO. 4

PURCHASE WATER ADJUSTMENT

Schedule No. 4 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.

Purpose: To define procedures for periodic revision in rates due to changes in the rates charged by the City of Salem (City) for the water and wastewater services (Services) the Company purchases from the City, to describe how a rate change for purchased water cost is calculated, and to identify any other requirements.

Applicable: The purchased water cost adjustment applies to Schedule No. 1 contained in the Company's tariffs.

The Company will calculate the Purchase Water Adjustment (PWA) as follows:

1. Compare the new rates provided by the water supplier to the current rates, then update the established Excel spreadsheet with the new information. The base cost will not change.
2. Calculate the projected annual water and wastewater expense by multiplying the new rates with the consumption provided in rate case (Feb 2019 water bill).
3. Subtract the base year cost (Step 1) from the calculated projected cost (Step 2) to establish the annual change in expense.
4. Calculate the new PWA Commodity Rate by dividing the projected cost (Step 3) by the customer use volume established in the rate case.
5. The Company may file the information and proposed tariff described in Steps 1 through 4 after the applicable Service rate increase decision, to be effective no less than 30 days after the filing date, and no earlier than the effective date of the Service rate increase.

Adjustment Rates

Schedule	$ per 100 cf
1 Residential	$0.00

The rate shown above shall be added to the commodity charge listed in Schedule. No. 1

Issue Date / Filing Date	October 31, 2019	Effective for Service on or after	January 1, 2020
Issued By Utility	Clearwater Source, LLC		

Advice No.

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: Clearwater Source, LLC

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.

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)

Issue Date / Filing Date	October 31, 2019	Effective for Service on or after	January 1, 2020
Issued By Utility	Clearwater Source, LLC		

Advice No.

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.

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. The policy also 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.

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.

Issue Date / Filing Date	October 31, 2019	Effective for Service on or after	January 1, 2020
Issued By Utility	Clearwater Source, LLC		

Advice No.

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.

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

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.

Rule 22: Returned Payment Charge

The Returned Payment Charge listed on the Miscellaneous Service Charges Schedule shall be billed for each occasion 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.

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)

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.

Issue Date / Filing Date	October 31, 2019	Effective for Service on or after	January 1, 2020
Issued By Utility	Clearwater Source, LLC		

Advice No.

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 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:

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. 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 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.

Issue Date / Filing Date	October 31, 2019	Effective for Service on or after	January 1, 2020
Issued By Utility	Clearwater Source, LLC		

Advice No.

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.

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;
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).

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.

SERVICE QUALITY

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.

Issue Date / Filing Date	October 31, 2019	Effective for Service on or after	January 1, 2020
Issued By Utility	Clearwater Source, LLC		

Advice No.

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.

The following is offered as an example of a potential increase based on the published 2020 rates on the City of Salem website, under utility rates and fees (noted below). Clearwater would input the new information in the yellow area and the spreadsheet would calculate the new Purchase Water Adjustment Commodity Rate.

					Attachment C
					Page 1
UW 177 Purchase Water Adjustment for Clearwater Source, LLC					
	Rate Case water supplier bill	Expense	New water supplier bill	Expense	
Water Commodity rate	2.16	166.32	2.14	164.78	
Water Base rate	32.44	32.44	40.23	40.23	
Waste Commodity rate	3.49	237.32	3.60	244.80	
Waste Base rate	44.10	44.10	50.84	50.84	
Stormwater Imp Area	5.76	204.30	6.08	215.65	
Stormwater Base	10.63	10.63	11.09	11.09	
Franchise Fee	5%	34.76	5%	36.37	
Backflow Prev Fee	1.50	1.50	1.50	1.50	
Streetlight Fee	10.40	10.40	10.40	10.40	
Misc Fee A					
Misc Fee B					
Misc Fee C					
	Total Bill	741.76		775.66	
	Annual Rate case base cost	8,901.16	Annual Projected cost	9,307.88	
Annual Change				406.73	
UW 177 volume			Annual/Monthly	33,914	2,826
per 100 CF			Annual/Monthly	45	4
PWA Commodity Rate				0.41	
Wastewater base	Base is 19.97 + 1.27*19				
Stormwater Sq Ft	106,405				
Water usage (Feb 2019)	77				
Waste usage (Feb 2019)	68				
Customers	22				
Source: https://www.cityofsalem.net/Pages/utility-rates-and-other-fees.aspx					