

**PUBLIC UTILITY COMMISSION OF OREGON
STAFF REPORT
PUBLIC MEETING DATE: March 19, 2024**

REGULAR **CONSENT** **EFFECTIVE DATE** April 1, 2024

DATE: March 7, 2024

TO: Public Utility Commission

FROM: Charla Wolf

THROUGH: Bryan Conway, Melissa Nottingham, and Scott Shearer **SIGNED**

SUBJECT: CROOKED RIVER RANCH WATER COMPANY:
(Docket No. UW 194)
Compliance Audit Report, per Commission Order No. 23-338.

STAFF RECOMMENDATION:

Staff recommends the Commission accept the Compliance Audit Report on Crooked River Ranch Water Company as required in Docket No. UW 194, Order No. 23-338.

DISCUSSION:

Issue

Whether the Commission should accept the Compliance Audit Report (CAR) on Crooked River Ranch Water Company (CRR or Company), as required in Commission Order No. 23-338.

Applicable Rule or Law

ORS 757.205(1), a public utility must file schedules showing all rates, tolls, and charges for service that have been established and are in force at the time.

OAR 860-036-1010(11) "Tariff" means a rate-regulated water utility's published rates and charges, terms, and conditions for each type of service, and rules and regulations.

OAR 860-036-2000(1) All rate-regulated water utilities must file all proposed rate schedules, charges, special contracts, and the water utility's rules and regulations relating to the provision of water service.

Analysis

Background

In Order No. 23-338, the Commission approved a Settlement Agreement and Stipulation resolving all issues in Docket No. UW 194.¹ As agreed in the Stipulation, the Commission directed the Commission's Consumer Services Section to conduct a Compliance Audit to ensure the Company is in compliance with all rules of the Commission and following CRR's own policies.²

During its review, Staff analyzed the Company's tariffs and policies, and issued 31 data requests to ascertain compliance. Additionally, Staff reviewed the Company's Annual Report and Fee Statement filings with the Commission, business licensing with the Oregon Secretary of State (SOS), water quality metrics, testing, Consumer Confidence Reporting, Cross Connection/Backflow Prevention reporting and fee payment, and Certified Operator Licensing requirements of the Oregon Health Authority Drinking Water Services (DWS).

Discussion

Regarding the tariff schedules, Staff found Schedule No. 1 Residential/Commercial Metered Rates, Schedule No. 3 Water Hauler Rates, Schedule No. 5 Interim Annual Testing Service, and Schedule No. 6 Reduce the Size of Meter Request³ are consistent with the requirements set forth in Order No. 23-338.⁴

Schedule No. 4 – Backflow Prevention Assemblies Installation Program

CRR Backflow Prevention Assemblies Installation Program was created to support the Drinking Water Services (DWS) requirement for all water companies to install backflow prevention devices. Staff finds the Company's Backflow Prevention Assemblies Installation Program meets both the Commission's and DWS's compliance requirements. Since 2020, every existing connection has had a testable backflow device. For new services, customers are charged for the backflow device excluding labor costs. Customers are charged at the time of installation, and activation of the new account and are offered a 12-month payment plan to differ costs. Currently, there are 51 customer-owned backflow devices per Schedule No. 5, Interim Annual Testing Service, and are charged \$10.00 for annual testing. The Company is converting these to Schedule No. 4 installations as customers move out.

¹ See [Order No. 23-338](#), Page 3 .

² See Order No. 23.338, Appendix A, Section II.7.

³ Schedule Nos. 2, 7, and 8 are reserved for future use.

⁴ See also Errata Order No. 24-044.

Schedule No. 9 – Miscellaneous Service Charges

The Company provided confidential responses for calculations of personnel’s wages. Staff’s review determined the wages used in the calculations are in line with calculations in the UW 194 rate case and is within the average range for similar size and area water utilities.

The Company provided details showing a standardized approach to calculating the fees used in Schedule 9. The methodology used multiplied the average task completion time by the labor cost to perform each task in order to calculate a flat fee for all customers. The labor costs are loaded and include the employee salary, vehicle operational costs, insurance, maintenance, and tools.

Table 1
Schedule 9 – Miscellaneous Service Charges

Fee	Amount
Meter Test*	\$50.00
Pressure Test	\$50.00
Returned Payment Charge	\$27.00
Trouble Charge (Office Hours)	\$40.00 per hour; one hour minimum
Trouble Charge (After Hours)	\$55.00 per hour one hour minimum
Tampering Fee	\$200.00 plus actual cost for repairs
Field Visit Charge**	\$50.00
General Field Service (customer)	\$50.00 per hour + costs
General Field Service (non-customer)	\$70.00 per hour + costs
Trenching	\$80.00 per hour
Dump Truck	\$40.00 per hour
Temporary Hydrant (set up)	\$50.00
Temporary Hydrant (removal)	\$50.00
Temporary Hydrant Monthly Fee	\$20.00
Paper Statement***	\$.69
Payment by Phone	\$.95 (actual costs from vendor)

*Customers may request one meter test a year at no charge. The fee applies to any additional tests.

**Canceled disconnect or reconnect visit due to action by the customer cancels or prohibits completion of the order.

***Majority of customers use paperless billing.

Utility Rules

Staff reviewed CRR’s compliance with the company’s tariffs and make the following recommendations:

Rule 3

Per OAR 860-036-1100 customers are required to be informed of their right to receive electronic and written notices on a clearly identifiable section of the bill. Currently, the

company is not providing this information as it was not a requirement in the previous Docket No. UW 162.

Rule 4

The Company only accepts applications by phone and has not received any complaints nor has this been an impediment for customers to sign up for service. OAR 860-036-1200 does not specify the type or method for accepting an application, but suggests the company explore other options for customers to apply for service to improve accessibility.

Rule 6

Staff found the shut-off valves are inside the meter box and are the company's responsibility to maintain. The customer pays for the shut-off valve as part of the new service connection fee. All new customers pay for the new service connection fee. The customer is responsible to maintain the customer's service line and plumbing. If there is a break on the customer's side, the Company does not give any discount on the customer's statement for extra water usage during the leak. While providing a credit for water leaks is a common practice, it is not a regulated requirement.

Rule 10

CRR's main line extension policy did not meet OAR 860-036-1310(c) as it does not provide a time period for potential rebates for a portion of the costs customers pay for new service when another customer benefits from the service. The company was not required to provide this option under the prior Docket No. UW 162. The company must update the tariff to meet the requirements of the administrative rule.

Rule 20

The tariff is compliance with meter testing requirements by allowing customers a no fee meter test once every 12 months. In lieu of contracting meter tests, the Company conducts all meter tests in-house.

Rule 25

CRR process for transferring unpaid balances from a closed residential account to the customer's current residential account is in compliance with OAR 860-036-1450. The Company is providing prior notice to the customer before the transfer and including the dates of service and the address of the customer for the unpaid debt. If the customer is on a payment plan, they can remain on a payment plan. Staff found CRR follows the Statute of Limitations of six years per ORS 12.080, ORS 12.050, and ORS 12.070 regarding the age of the closed account.

Other Requirements

Staff reviewed the various other requirements water utilities are responsible for following.

1. Annual Reports to the Commission – Filed on March 30, 2023, as required.⁵
2. Annual Fee Statement to the Commission – Filed on April 4, 2023,⁶ filed late per Commission requirements, late penalties assessed. See Staff Recommendation 1.
3. Business License with the SOS – Filed on May 4, 2023.
4. Water quality metrics and testing to DWS – In compliance as of March 6, 2024. Last reported issue was a positive Total Coliform Report submitted by the company, with a Level 1 investigation opened by DWS on November 20, 2023. Investigation was closed on December 1, 2023, as issue was resolved and was corrected within standard protocol timeframes.
5. Consumer Confidence Reporting to DWS – Filed on March 25, 2023.
6. Cross Connection/Backflow Prevention reporting and fee payment to DWS – Report filed on February 2, 2023, and the required fee was paid on December 19, 2023.
7. Certified Operator Licensing requirements to DWS – A minimum Level 2 grade license operator is required by DWS. As of March 6, 2024, there are two employed by the company, with certifications current for both employees.

Conclusion

Based on its review of the Company's filing, Staff believes the Company is in compliance with all requirements with minor recommendations. Staff recommends the following actions be taken:

1. Ensure annual fee statement is submitted and paid to the Commission in a manner to be received by the appropriate deadline.
2. Make a filing to the Commission within 90 days, to address the wording changes needed:
 - a. Inform customers of their rights to receive electronic and written notices in the Important Message section of the bill.
 - b. Main line extension tariff verbiage shall read *"For a period of 5 years after the construction of the requested main line extension, the Utility shall also collect from any additional applicants who connect to the main line extension an amount per foot equal to the new applicant's proportionate share of the main line extension cost for that previously shared the cost of*

⁵ Annual reports OAR 860-036-2350.

⁶ Fee statement OAR 860-036-1050.

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said main line extension. Refunds shall not exceed the amount originally advanced.”

PROPOSED COMMISSION MOTION:

Accept The Compliance Audit, require Crooked River Ranch Water Company to provide proof the bill has been corrected to include rights to notices, and file revised Tariff pages for the Main Line Extension policy; no later than 120 Days from March 19, 2024, or a Commission order, whichever is later.