

The Honorable Judge Pat Power
Public Utility Commission of Oregon
Administrative Hearings

Dear Sir,

In compliance with your directions to the parties of UW 166, issued on February 1, 2017, Roats Water Company submits the following testimony and exhibits.

Roats filed its rate case on March 15, 2016. The setting of permanent rates in this case has taken a long time. There have recently been two new issues with UW 166. The first is Avion Water Company's agreement with Roats to purchase irrigation water, resulting in additional revenue to Roats, and the second, the decision by Crown Villa to no longer take irrigation service from Roats, resulting in a revenue loss.

These two events could complicate the rate case and cause it to take more time than it has already. However, I believe that I have come up with a simple and easy fix that will allow the rate case to continue to its conclusion.

It is important to Roats financial wellbeing that UW 166 be completed as quickly as possible.

Sincerely,

A handwritten signature in blue ink that reads "W.K. Roats". The signature is stylized and includes a long horizontal flourish extending to the right.

W.K. Roats
President
Roats Water System

SUPPLEMENTAL TESTIMONY

Q. PLEASE STATE YOUR NAME, OCCUPATION, AND BUSINESS ADDRESS.

A. My name is Bill Roats. I am the president and owner of Roats Water System, Inc. (Roats).

My business address is 61147 Hamilton Ln., Bend, Oregon, 97702.

Q. PLEASE DESCRIBE YOUR EXPERIENCE AS A WATER PROVIDER.

A. I have worked in the water industry for over 50 years. Roats Water System Inc. was started in 1963 by my father when I was 12 years old as a family owned and operated water system. In 1989 my father retired, and I became President. Since then I have worked full time running Roats Water as owner and operator. Roats has grown from a small rural water system operating outside of Bend's city limits to a modern organization serving numerous subdivisions and commercial accounts within the city's limits.

Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?

A. My purpose is to provide testimony as directed by Administrative Law Judge Pat Power in Docket UW 166, issued February 1, 2017.

Staff and Roats are directed to supplement the record to indicate whether the wheeling fee revenues are included in the revenue requirement. If the wheeling revenues were not included, the parties shall provide their proposed treatment of the revenues in this case with supporting testimony to explain that proposed treatment. If they propose to include the revenue, they shall file recalculated rates that show their proposed rate treatment of these revenues.

Q. PLEASE EXPLAIN WHAT IS THE WHEELING FEE BETWEEN AVION WATER COMPANY (AVION) AND ROATS WATER SYSTEM (ROATS).

A. The wheeling fee represents an agreement between Avion and Roats for Avion to pay Roats for its cost to bring Arnold Irrigation District water to Avion's Nottingham customers. Nottingham customers are located at the end of the irrigation system; therefore, the water must pass through the main line serving all of Roats' customers before it reaches Avion's Nottingham customers.

Q. IS AVION'S WHEELING FEE REVENUE INCLUDED IN THE STIPULATED REVENUE REQUIREMENT?

A. No.

Q. PLEASE EXPLAIN WHY THE WHEELING FEE REVENUE FROM AVION WAS NOT INCLUDED IN THE STIPULATED REVENUE REQUIREMENT.

A. The wheeling fee was not included in Roats rate case application because Avion had indicated to Roats that it may not purchase water from Roats in the future to serve Nottingham customers. Avion was considering transferring water rights and building its own pumping station to provide irrigation water for Nottingham customers. No agreement had been made with Avion when Roats filed its rate case in March 2016; therefore, the rate case did not include any hypothetical revenues from Avion.

Q. WHAT IS THE ANNUAL WHEELING FEE TO BE PAID FROM AVION TO ROATS?

A. The agreement between Roats and Avion for the wheeling fee is an annual charge of \$64,800, or \$30 per equivalent customer per month times 12 months.

Q. HOW WAS THE \$30 PER CUSTOMER FEE CALCULATED?

A. The stipulated irrigation revenue requirement is \$406,724. Nottingham uses approximately 15% of the total irrigation water pumped. Fifteen percent of \$406,724 equals \$61,008, rounded to \$61,000. \$61,000 divided by 164 Nottingham accounts equals \$30.99 rounded to \$30 (considering that the 15% is based on annual consumption that may vary slightly).

Q. PLEASE EXPLAIN WHY THE NUMBER OF NOTTINGHAM ACCOUNTS IS 164 IN DETERMINING THE COST PER CUSTOMER, WHILE THE NUMBER OF CUSTOMERS USED TO DETERMINE THE ACTUAL PAYMENT BY AVION IS 180.

A. In its rate case UW 166, Roats used the same method as the City of Bend had been using for charging the Juniper irrigation customers. Each of Nottingham's 163 home owners are accounts, one multiplier per home owner. The HOA is one account and has an additional 17 multipliers for the common areas. There are 164 accounts, plus the 17 multipliers equals 180 equivalent users.

Q. HAS ANY OTHER CHANGE TO ROATS IRRIGATION SERVICE OCCURRED SINCE THE STIPULATION WAS AGREED TO THAT IMPACTS ROAT'S IRRIGATION RATES?

A. Yes. Crown Villa is a recreational vehicle park with 65 irrigation multipliers (including the common irrigation areas). Originally, Roats had planned to provide irrigation service to Crown Villa. Roats was informed on February 3rd, that Crown Villa does not want to receive

irrigation service from Roats. A copy of Crown Villa notification confirming the decision is shown below.

Dave Swisher dave@daveswisher.com Email dated February, 2017

Good morning Bill,

Also, confirming our conversation that we cancel irrigation. We contacted the City of Bend and made sure it was cancelled before the transfer to you on the 1st of February. [They actually are refunding us back to October of 2016 for amounts paid toward irrigation in error as our temporary contract for irrigation water with the City ended at that time.](#)

Thank you so much,

Dave Swisher

Crown Villa's decision to not use irrigation service from Roats does not affect Roats provision of domestic service to Crown Villa from Roats.

Q. HOW DOES THE LOSS OF CROWN VILLA IRRIGATION CUSTOMERS AFFECT ROATS?

A. The rate case stipulated monthly irrigation rate for Crown Villa is \$23.16. The annual loss of revenue to Roats is \$18,064.80 (65 multipliers times' \$23.16 times 12 months equals \$18,064.80).

Q. DID ROATS RATE CASE INCLUDE EXPENSES FOR IRRIGATION SERVICE?

A. Yes. The irrigation revenue requirement is separate from the domestic service revenue requirement. The rate case did include the expenses necessarily to serve Roats' irrigation

customers acquired in the Juniper purchase. According to Staff's calculations, the irrigation revenue requirement includes:

- \$4,091 for irrigation labor attributable to Crown Villa,
- \$1,355 for irrigation parts attributable to Crown Villa, and
- An allocation of \$60,001 in purchased power expenses for the Mountain High Drive Well and a total of \$12,400 in purchased power expenses for the Kwinnum Drive Pump.

Q. DOESN'T THE EXPENSE ASSOCIATED WITH PROVIDING IRRIGATION SERVICE TO CROWN VILLA REDUCE THE REVENUE LOSS?

A. No. The irrigation transmission line that provides irrigation water runs through Crown Villa.

There is no other method to get irrigation water to Roats other irrigation customers.

Therefore, the maintenance and repair to the entire line, including the portion of the line that runs through Crown Villa must be continued. The \$4,091 and \$1,355 labor and parts expenses above for Crown Villa are related to the maintenance of the irrigation line. There are no meters or other equipment that must be maintained to provide irrigation service to Crown Villa. Therefore, the operational expense will be the same whether Crown Villa receives irrigation water or not. Roats Water will have the same expense in operations and maintaining the pond, pumping plant and main line required to provide irrigation service to Roats irrigation customers.

The power expense will remain the same with no power cost savings because during the irrigation season the irrigation pump stations run 24 hours a day 7 days a week, with or without Crown Villa as an irrigation customer.

Q. WILL THE COST TO ROATS FOR THE PURCHASED WATER FROM ARNOLD IRRIGATION DISTRICT BE REDUCED DUE TO THE REMOVAL OF CROWN VILLA AS AN IRRIGATION CUSTOMER?

- A. No. The cost to Roats to purchase Arnold Irrigation District (District) water does not change because the Roats' adjudicated water right does not change with the removal of Crown Villa as an irrigation customer. Therefore, Roats' cost for irrigation water from the District remains the same.

The irrigation water right is classified as quasi-municipal, which is different than the standard agriculture water right (Ag water rights) that farmers have. Ag water rights must be used and put to beneficial use on a specified piece of land. Whereas, the quasi-municipal irrigation water right can be used anywhere within the boundaries indicated on the water rights map. Although Crown Villa is within this area, no beneficial use is specified to Crown Villa.

Q. CAN BOTH CHANGES IN IRRIGATION REVENUE NOTED ABOVE BE RESOLVED THROUGH AN ADJUSTMENT TO THE IRRIGATION REVENUE WITHOUT REQUIRING A NEW RATE CASE?

- A. Yes. The resolution to these irrigation changes can be addressed by adjusting the gain from the Avion wheeling fee revenues down by the amount of the Crown Villa irrigation revenue loss. The stipulated revenue requirement stays the same, and the resolution of Roats' net revenue gain is accomplished through customer credits.

Q. WHY ARE CUSTOMER CREDITS A REASONABLE WAY TO ADDRESS THE REVENUE GAIN?

- A. Customer credits are the easiest and most reasonable way to address the revenue gain because the wheeling fee from Avion is not certain in the future. Avion has stated that it is considering putting in its own pumping station, which would no longer require irrigation water delivered by Roats from Arnold Irrigation District. This puts Roats at risk should Avion no longer purchase irrigation water.

Monthly customer credits would serve to offset the stipulated standard and mobile home irrigation rates (\$48.80 and \$23.16, respectively) as long as Roats collects wheeling fee revenue from Avion. If Avion terminates its arrangement to purchase irrigation water from Roats, these credits would simply become ineffective, and Roats would no longer offset the full tariffed rates for irrigation service with a credit. Using this approach, Roats would not be subject to revenue loss due to lag time inherent in a rate case to change rates back to the stipulated standard rates.

Q. PLEASE EXPLAIN HOW ROATS PROPOSES TO RECALCULATE THE REVENUE GAIN.

- A. Roats proposes that the wheeling fee revenue be reduced to cover the revenue loss created by Crown Villa's decision to not purchase water from Roats. The annual income from Avion is \$64,800, as calculated above. The revenue loss from the Crown Villa is \$18,065, as calculated above. Subtracting the revenue loss from Avion's wheeling revenue equals a net revenue gain of \$46,735 (net gain).

Q. HOW WOULD THE NET REVENUE GAIN BE ADDRESSED.

A. The \$46,735.20 (net gain) in revenue would be used as customer credits to reduce irrigation rates. Reasonable percentages reflecting the differences in use of irrigation water between subdivision homes and the mobile home park would be applied to the net gain to determine the customer credits.

Q. PLEASE EXPLAIN WHY ROATS BELIEVES THAT THE REVENUE GAIN SHOULD NOT BE APPLIED EQUALLY TO THE PINES AND THE REGULAR IRRIGATION CUSTOMERS.

A. The Pines is a mobile home park which has less irrigation area per customer than the regular irrigation customers. The regular irrigation customers include the Mountain High, Timber Ridge, and Tillicum Village subdivisions. These subdivisions have larger lots to irrigate. Mountain High, Timber Ridge, Tillicum Village irrigation area is approximately .51 acres per house, .54 acres per house, and .62 acres per house, respectively. The Pines irrigation area is approximately .15 acres per mobile home. Data taken from Deschutes County Property Information see exhibit attached to this testimony. See comparison table below:

Subdivision	Acres	Customer & Common Areas	Average Acreage	
Tillicum Vlg	112	182	0.62	acres per house
Timber Ridge	53	98	0.54	acres per house
Mtn High	145	284	0.51	acres per house
			0.56	average acres per house
The Pines	31.62	210	0.15	acres per mh

It is not reasonable to assign the customer credits using the percentage derived when The Pines and Crown Villa were together as a customer class. Crown Villa no longer has

irrigation customers; therefore, a new percentage should be established. Using the average acreage information above, I determine a reasonable percentage to be applied to the net gain from Avion’s wheeling fee.

	Avg Acreage Per Customer	Number of Customers	Acreage Times Customer	Percent
Reg Irrig	0.56	564	315.84	90.93%
The Pines	0.15	210	31.50	9.07%
			347.34	

The average acreage per customer times the number of customers gives a truer reflection of the comparison of irrigation usage between the subdivision customers and the mobile home park customers. The above percentages applied to the net gain; result in the following customer credits.

	Net Gain	Percentage	Assigned Rev	# of Customers	12 Months	Customer Credit
Regular Irrig Cust	46,735.20	90.93%	42,496.32	564	12	6.28
The Pines	46,735.20	9.07%	4,238.88	210	12	1.86

Q. HOW ARE THE CUSTOMER CREDITS INCORPORATED IN THE IRRIGATION TARIFFS?

A. Roats includes the offsetting customer credits in the attached proposed tariffs, specifically Schedule No. 3. Irrigation Flat Rate and Schedule No. 4 The Pines Mobile Home Park Irrigation Flat Rates. The monthly customer credit will be applied to the customer bills as long as Avion pays its monthly wheeling fee.

Q. WHAT MECHANISM DO YOU PROPOSE TO PROTECT ROATS FROM LOSS OF NET REVENUE IF AVION TERMINATES ITS CONTRACT WITH ROATS TO PURCHASE IRRIGATION WATER?

A. Roats has included language in the attached tariffs, specifically Schedule No. 3. Irrigation Flat Rate and Schedule No. 4 The Pines Mobile Home Park Irrigation Flat Rates, that make the customer credits ineffective the month that Avion does not pay the wheeling fee to Roats.

Q. WHY IS IT IMPORTANT TO ROATS THAT THE RATE CASE BE CONCLUDED AS SOON AS POSSIBLE?

A. Roats filed its rate case on March 15, 2016. Roats is currently in a poor financial situation waiting for the conclusion of UW 166 to recover expenses it is continuing to experience associated with the purchase of Juniper. Also, Roats has not had an increase in rates since 2005; therefore, the current rates for domestic service are based on 2005 costs. Current domestic rates do not cover the cost to provide service. Lastly, through the Juniper acquisition, Roats has almost doubled the number of customers it is serving. The actual increase in customers is 95 percent. More delay in concluding UW 166 is financially harmful to Roats. Without rate relief, Roats will continue to lose monthly revenue on the domestic side. The loss can be approximately calculated by using the stipulated domestic and fire prevention rates as shown in the Revenue Loss Worksheet attached to this testimony. The estimated monthly revenue loss for domestic service and fire protection is shown below:

Monthly Revenue Loss Roats is Incurring	
Residential/Commercial Base Rate	\$18,890.26
Residential/Commercial Commodity Rate	\$9,394.16
Private Fire Protection	\$80.37
Public Fire Protection	\$1,182.20
Total Monthly Revenue Not Being Realized	\$29,546.99

Roats is a small water company. Continue loss of rate relief make Roats vulnerable financially. The costs to provide service to Roats' customers are ongoing. The payment due to the City of Bend at the end of the year is \$91,000. The costs that Roats have incurred and continue to incur have a direct and immediate effect on the company financially. Such as, the loan payment to the City of Bend. Roats has entered into agreements and made commitments indicated in UW 166 revenue requirement and needs the stipulated rates with the credit adjustments in irrigation rates to operate and provide the level of service the customers should expect from the water utility. Without rate relief as I am looking forward, I don't see enough revenues in this fiscal year to pay the bills and maintain this system in Roats traditional manner. If I defer maintenance, it can help rebalance cost versus revenue for a short time, but this is not how the company has been managed for over 50 years. For the above reasons, I am seeking a quick resolution to the changes in the irrigation revenue and closure of UW 166.

Q. DOES THIS CONCLUDE YOUR TESTIMONY?

A. Yes.

Monthly Revenue Loss Worksheet

Roats Monthly Revenue Loss Based On Stipulated Base Rates for Residential and Commercial Customers						
Residential/Comm	Stipulated Base Rates	Current Base Rates	Difference	Number of Customers	Revenue Loss per Month	
5/8 or ¾ inch	\$33.45	\$26.80	\$6.65	1978	\$13,153.70	
1 inch	\$48.17	\$32.16	\$16.01	266	\$4,258.66	
1½ inches	\$57.80	\$38.59	\$19.21	46	\$883.66	
2 inches	\$74.26	\$49.50	\$24.76	24	\$594.24	
					\$18,890.26	
Roats Monthly Revenue Loss Based On Stipulated Commodity Rates for Residential and Commercial Customers						
Stipulated Commodity Rate	Current Commodity Rate	Difference In Commodity Rate	Avg Mo. Use	Avg Revenue Loss based on Avg Usage	Number of Customers	Revenue Loss per Month
\$0.95	\$0.76	\$0.19	16.94	\$3.22	1978	\$6,366.90
\$0.95	\$0.76	\$0.19	37.16	\$7.06	266	\$1,877.99
\$0.95	\$0.76	\$0.19	72.18	\$13.71	46	\$630.89
\$0.95	\$0.76	\$0.19	113.68	\$21.60	24	\$518.38
						\$9,394.16
Fire Protection	Stipulated Base Rates	Current Base Rates	Difference	Number of Customers	Revenue Loss per Month	
4"	\$5.34	\$5.00	\$0.34	0	\$0.00	
6"	\$10.67	\$11.00	(\$0.33)	45	(\$14.85)	
8"	\$17.07	\$15.00	\$2.07	46	\$95.22	
10"	\$24.54	\$25.00	(\$0.46)	0	\$0.00	
12"	\$33.94		\$33.94	0	\$0.00	
					\$80.37	
Public Fire Protection	\$0.46	none	\$0.46	2570	\$1,182.20	

Deschutes County Property Information for Account 121008 and Juniper Utility Subdivision Areas email from Eric Forster, PE, PLS, PMP - Project Manager, City of Bend, EIPD, issued September 7, 2016.

	Customer #	Subdivision	acres	cust & common		
Mtn High	284	Tillicum Vlg	112	182	0.62	acres per house
Timber Ridge	98	Timber Ridge	53	98	0.54	acres per house
Tillicum Vlg	182	Mtn High	145	284	0.51	acres per house
# of cust	564				0.56	average acres per house
		The Pines	31.62	210	0.15	acres per mh space

BULK WATER DELIVERY AGREEMENT

This Bulk Water Delivery Agreement (this "Agreement") dated effective as of February 2, 2017 is entered into by and among AVION WATER COMPANY, INC., an Oregon corporation ("Avion"), and ROATS WATER SYSTEM, INC., an Oregon corporation ("Roats").

RECITALS

A. Avion and Roats are both licensed by the Oregon Public Utility Commission ("PUC") as a public water utility.

B. Avion has requested and Roats has agreed to provide Avion with bulk water delivery under the terms and conditions set forth below.

AGREEMENT

NOW THEREFORE, in consideration of the foregoing, the mutual promises set forth herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. **Agreements.** Roats covenants and agrees to provide Avion with bulk water delivery during the term of this Agreement at a location and at such times as reasonably requested by Avion. In consideration for the foregoing, Avion shall pay Roats an amount equal to \$30 per month for each residential equivalent; provided, however that Avion and Roats acknowledge and agree that such amount may be adjusted by the PUC in its sole and absolute discretion. Roats will provide an invoice to Avion on or before the 10th day of each month for prior month. Payment will be due upon receipt of invoice from Roats.

2. **Term; Termination.** This Agreement shall commence as of the date of this Agreement and shall continue in effect for a period of one (1) year. Thereafter, this Agreement shall automatically renew for successive (1) year periods unless either party gives the other at least ninety (90) days prior written notice of its intent not to renew this Agreement. Notwithstanding anything contained herein, either party may terminate this Agreement in its sole, absolute and unreviewable discretion, with or without cause, upon ninety (90) days prior written notice.

3. **Miscellaneous.**

(a) **Time of Essence.** Time is of the essence with respect to all dates and time periods in this Agreement.

(b) **Binding Effect.** This Agreement will be binding on the parties and their respective heirs, personal representatives, successors, and permitted assigns, and will inure to their benefit.

(c) **Amendment.** This Agreement may be amended only by a written document signed by the party against whom enforcement is sought.

(d) **Notices.** All notices or other communications required or permitted by this Agreement:

(1) must be in writing;

(2) must be delivered to the parties at the addresses set forth below, or any other address that a party may designate by notice to the other parties; and

(3) are considered delivered:

(A) upon actual receipt if delivered personally or by fax or an overnight delivery service; and

(B) at the end of the third business day after the date of deposit in the United States mail, postage pre-paid, certified, return receipt requested.

To Avion:

Avion Water Company, Inc.
60813 Parrell Road
Bend, Oregon 97702
Attn: President

To Roats:

Roats Water System, Inc.
61147 Hamilton Lane
Bend, Oregon 97702
Attention: President

(e) **Severability.** If a provision of this Agreement is determined to be unenforceable in any respect, the enforceability of the provision in any other respect and of the remaining provisions of this Agreement will not be impaired.

(f) **Further Assurances.** The parties will sign other documents and take other actions reasonably necessary to further effect and evidence this Agreement.

(g) **Remedies.** The parties will have all remedies available to them at law or in equity. All available remedies are cumulative and may be exercised singularly or concurrently.

(h) **Governing Law.** This Agreement is governed by the laws of the State of Oregon, without giving effect to any conflict-of-law principle that would result in the laws of any other jurisdiction governing this Agreement.

(i) **Venue.** Any action or proceeding arising out of this Agreement will be litigated in courts located in Deschutes County, Oregon. Each party consents and submits to the jurisdiction of any local, state, or federal court located in Deschutes County, Oregon.

(j) **Attorney's Fees.** If any arbitration or litigation is instituted to interpret, enforce, or rescind this Agreement, including but not limited to any proceeding brought under the United States Bankruptcy Code, the prevailing party on a claim will be entitled to recover with respect to the claim, in addition to any other relief awarded, the prevailing party's reasonable attorney's fees and other fees, costs, and expenses of every kind, including but not limited to the costs and disbursements specified in ORCP 68 A(2), incurred in connection with the arbitration, the litigation, any appeal or petition for review, the collection of any award, or the enforcement of any order, as determined by the arbitrator or court.

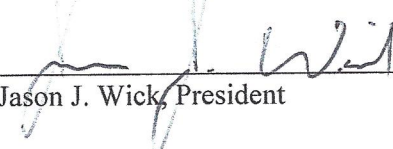
(k) **Entire Agreement.** This Agreement contains the entire understanding of the parties regarding the subject matter of this Agreement and supersedes all prior and contemporaneous negotiations and agreements, whether written or oral, between the parties with respect to the subject matter of this Agreement.

(l) **Signatures.** This Agreement may be signed in counterparts. A fax transmission of a signature page will be considered an original signature page. At the request of a party, a party will confirm a fax-transmitted signature page by delivering an original signature page to the requesting party.

IN WITNESS WHEREOF, the undersigned have entered into this Agreement effective as of the date first set forth above.


AVION:

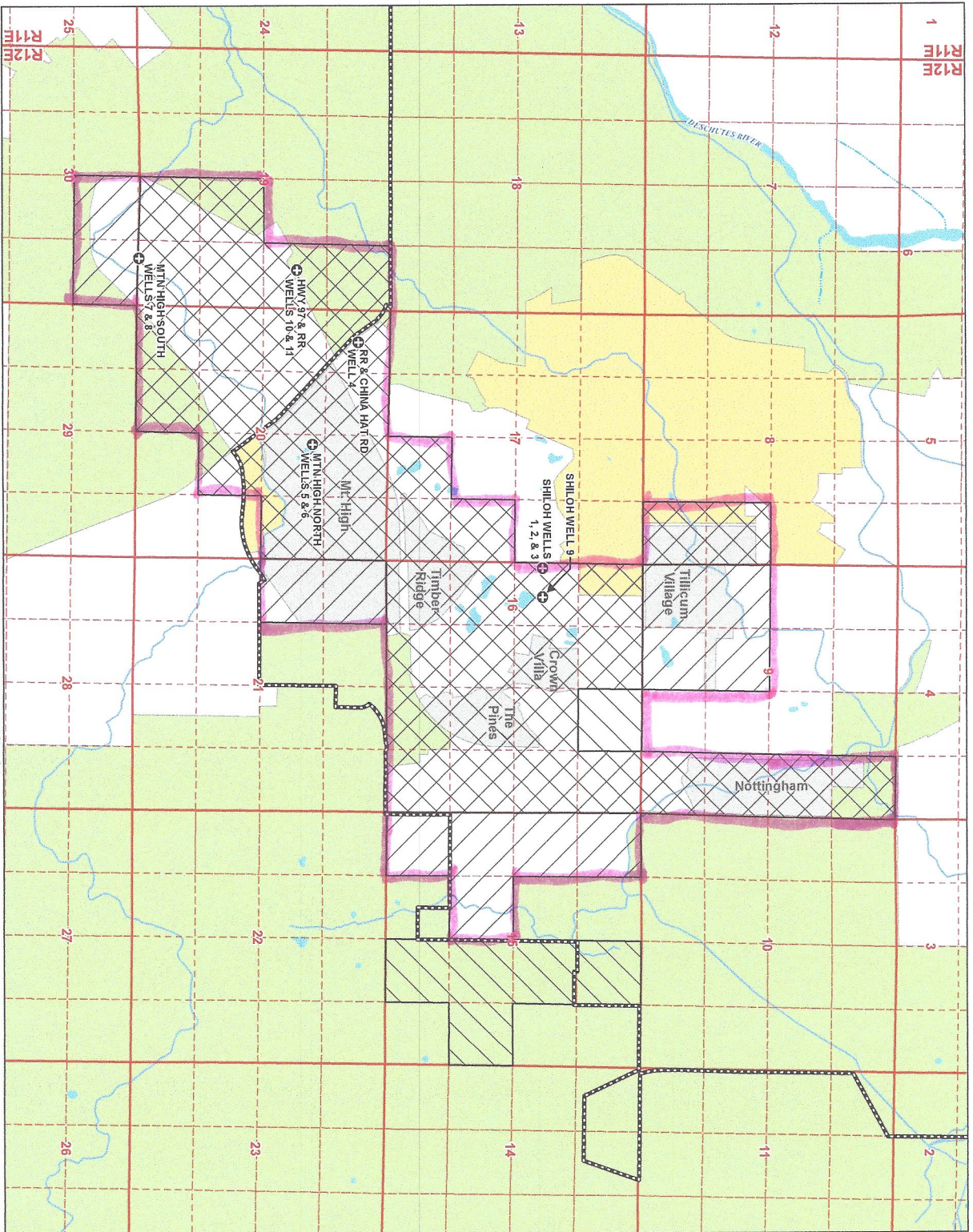
AVION WATER COMPANY, INC.,
an Oregon corporation

By: 
Jason J. Wick, President

ROATS:

ROATS WATER SYSTEM, INC.,
an Oregon corporation

By: 
Name: W.K. ROATS
Title: PRESIDENT

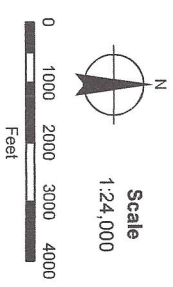


DR 119 IRRIGATION WATER CAN BE APPLIED ANYWHERE WITHIN THE HIGHLIGHTED AREA.

FIGURE X

Juniper Utility Water Rights
 City of Bend
 Deschutes County, Oregon
 Township 18 South, Range 12 East (W.M.)

- LEGEND**
- ⊕ Points of Appropriation (POA)
 - ▣ Places of Use (POU)
 - ▣ Cert. 74197 POU
 - ▣ App G-13809 POU
 - ▣ Home Owner Associations
 - ▣ Avion Water Co. Service Area
 - ▣ Roals Water Co. Service Area
 - ▣ City of Bend Service Area
 - Waterbodies
 - Watercourses
 - Canals/Pipelines



MAP NOTES:
 Projection: Oregon State Plane South Zone
 Datum: North American Datum of 1983
 Data Source: City of Bend, OWARD, BLM
 Water Solutions, Inc.

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

NAMING RATES FOR

ROATS WATER SYSTEM, INC.

**61147 HAMILTON LANE
BEND OR 97702**

541-382-3029

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

Issue Date	ROATS WATER SYSTEM, INC.	Effective for services on and after	July 1, 2016
Issued By	WILLIAM K. ROATS	<i>(at least 30 days after PUC receives filing)</i>	

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Issue Date	ROATS WATER SYSTEM, INC.	Effective for services on and after	July 1, 2016
Issued By	WILLIAM K. ROATS <i>(at least 30 days after PUC receives filing)</i>		

SCHEDULE NO. 1

RESIDENTIAL & COMMERCIAL METERED RATES

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

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

Residential and Commercial Base Rate

Service Meter Size	Monthly Base Rate	Usage Allowance	Unit of Measure
5/8 or 3/4 inch	\$33.45	None	cubic feet
1 inch	\$48.17	None	cubic feet
1½ inches	\$57.80	None	cubic feet
2 inches	\$74.26	None	cubic feet
3 inches	\$501.75	None	cubic feet
4 inches	\$836.26	None	cubic feet
6 inches	\$1672.51	None	cubic feet

Multi-Residential / Multi-Commercial Metered Rates

Service Meter Size	Monthly Base Rate	Usage Allowance	Unit of Measure
Includes all meters/services	\$33.45 per dwelling unit	None	cubic feet

Commodity Usage Rate

Commodity Rate		Number of Units	Unit of Measure	Base Usage Allowance	
\$0.95	Per	100	cubic feet	Above	None

Special Provisions:

1. These rates are based on continuous service. Discontinuation of service may not be employed to avoid monthly charges for service. See Rule No. 28, Voluntary Discontinuance.
2. Water used during the construction of buildings, etc., shall be metered. Charges shall be made at the rates specified in this schedule. When setting of a meter is impracticable, the amount of water used shall be estimated, and the charges shall be made at specified rates for the amounts so estimated.
3. A franchise fee of 3% of gross monthly water sales to the City of Bend residents shall be charged to the City of Bend residents. This fee is applicable to City of Bend residents only and will be charged monthly.

Issue Date	ROATS WATER SYSTEM, INC.	Effective for services on and after	July 1, 2016
Issued By	WILLIAM K. ROATS	<i>(at least 30 days after PUC receives filing)</i>	

SCHEDULE NO. 2

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

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

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

Residential and Commercial Base Rate

Service Meter Size	Monthly Base Rate	Usage Allowance	Unit of Measure
The Pines ¾ x 5/8 inch	\$17.58	None	cubic feet
Crown Villa ¾ x 5/8 inch	\$17.58	None	cubic feet

Multi-Residential / Multi-Commercial Metered Rates

Service Meter Size	Monthly Base Rate	Usage Allowance	Unit of Measure
Includes all meters/services	\$17.58 per unit/space	None	cubic feet

Commodity Usage Rate

Commodity Rate		Number of Units	Unit of Measure	Base Usage Allowance
\$1.86	Per	100	cubic feet	None

Special Provisions:

1. These rates are based on continuous service. Discontinuation of service may not be employed to avoid monthly charges for service. See Rule No. 28, Voluntary Discontinuance.
2. Water used during the construction of buildings, etc., shall be metered. Charges shall be made at the rates specified in this schedule. When setting of a meter is impracticable, the amount of water used shall be estimated, and the charges shall be made at specified rates for the amounts so estimated.
3. A franchise fee of 3% of gross monthly water sales to the City of Bend residents shall be charged to the City of Bend residents. This fee is applicable to City of Bend residents only and will be charged monthly.

Issue Date	ROATS WATER SYSTEM, INC.	Effective for services on and after	July 1, 2016
Issued By	WILLIAM K. ROATS	<i>(at least 30 days after PUC receives filing)</i>	

SCHEDULE NO. 3

IRRIGATION FLAT RATE

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

Applicable: To residential, commercial, and common areas receiving irrigation servicer, not including The Pines Mobile Home Park.

Irrigation Flat Rate

Flat Rate per Month for 12 Months per Calendar Year
\$48.80

IRRIGATION CUSTOMER CREDITS

Each month Avion Water Company pays the wheeling fee for the purchase of irrigation water from Roats, Roats' irrigation customers will receive a monthly customer credit as shown below. The month that Avion does not pay Roats the monthly wheeling fee, the customer credit is ineffective and will not be applied to the customer's bill.

IRRIGATION CUSTOMER CREDIT	\$6.28
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Special Provisions:

1. These rates are based on continuous service. Discontinuation of service may not be employed to avoid monthly charges for service. See Rule No. 28, Voluntary Discontinuance.
2. Water used during the construction of buildings, etc., shall be metered. Charges shall be made at the rates specified in this Schedule No. 1. When setting of a meter is impracticable, the amount of water used shall be estimated, and the charges shall be made at specified rates for the amounts so estimated.
3. A franchise fee of 3% of gross monthly water sales to the City of Bend residents shall be charged to the City of Bend residents. This fee is applicable to City of Bend residents only and will be charged monthly.

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SCHEDULE NO. 4

THE PINES MOBILE HOME PARK IRRIGATION FLAT RATES

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

Applicable: To mobile home customers and the common areas receiving irrigation service.

Irrigation Flat Rate	
Flat Rate per Month for 12 Months per Year	
\$23.16	

IRRIGATION CUSTOMER CREDITS

Each month Avion Water Company pays the wheeling fee for the purchase of irrigation water from Roats, Roats’ irrigation customers at The Pines Mobile Home Park will receive a monthly customer credit as shown below. The month that Avion does not pay Roats the monthly wheeling fee, the customer credit is ineffective and will not be applied to the customer’s bill.

IRRIGATION CUSTOMER CREDIT	\$1.86
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Special Provisions:

1. These rates are based on continuous service. Discontinuation of service may not be employed to avoid monthly charges for service. See Rule No. 28, Voluntary Discontinuance.
2. Water used during the construction of buildings, etc., shall be metered. Charges shall be made at the rates specified in this Schedule No. 1. When setting of a meter is impracticable, the amount of water used shall be estimated, and the charges shall be made at specified rates for the amounts so estimated.
3. A franchise fee of 3% of gross monthly water sales to the City of Bend residents shall be charged to the City of Bend residents. This fee is applicable to City of Bend residents only and will be charged monthly.

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SCHEDULE NO. 5

CROSS CONNECTION CONTROL PROGRAM **BACKFLOW PREVENTION DEVICE SERVICE FEES**

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

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

PURPOSE

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

ENROLLMENT

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

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

PROGRAM DESCRIPTION

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

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

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

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SCHEDULE NO. 5 (Continued)

CROSS CONNECTION CONTROL PROGRAM
BACKFLOW PREVENTION DEVICE SERVICE FEES

SPECIAL PROVISIONS

General:

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

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SCHEDULE NO. 5 (Continued)

CROSS CONNECTION CONTROL PROGRAM
BACKFLOW PREVENTION DEVICE SERVICE FEES

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

BILLING RATES

THE \$2.50 MONTHLY CHARGE

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

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

THE \$45.00 ONE-TIME CHARGE

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

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SCHEDULE NO. 6

RESIDENTIAL/MULTI UNIT RESIDENTIAL DEVELOPMENT CHARGE

Applicable: For residential development.

RESIDENTIAL DEVELOPMENT CHARGE (Rule 10)

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

MASTER METER DEVELOPMENT CHARGE (Rule 10)

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

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

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

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SCHEDULE NO. 7

PRIVATE FIRE SERVICE RATES

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

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

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

Private Fire Service Rate

SERVICE METER SIZE	MONTHLY BASE RATE
4 inch supply	\$5.34
6 inch supply	\$10.67
8 inch supply	\$17.07
10 inch supply	\$24.54
12 inch supply	\$33.94

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. 27, Voluntary Discontinuance.

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SCHEDULE NO. 8

PUBLIC FIRE SERVICE RATES

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

Applicable: To all residential and commercial customers.

Public Fire Service Rate

	MONTHLY CHARGE
All commercial/residential customers	\$0.46

Special Provisions:

1. These rates are based on continuous service. Discontinuation of service may not be employed to avoid monthly charges for service. See Rule No. 28, Voluntary Discontinuance.

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SCHEDULE NO. 9

MISCELLANEOUS SERVICE CHARGES

This schedule lists the miscellaneous charges included in the utility's Rules and Regulations; refer to the appropriate rules for an explanation of charges and conditions under which they apply.

Connection Charge for New Service (Rule No. 9)

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

Connection Fire Flow Charge	\$1.00 per sq. ft. measured by building outside dimensions
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Meter Test (Rule No. 22)

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

Pressure Test (Rule No. 42)

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

Late-Payment Charge (Rule No. 23)

Charged on amounts more than 30 days past due	Pursuant to OAR 860-036-0130 (as of 1/1/16 – 1.8%)
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Deposit for Service (Rule No. 5)

Pursuant to OAR 860-036-0040(2)	Pursuant to OAR 860-036-0050 (as of 1/1/16 – 0.1%)
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Returned-Check Charge (Rule No. 25)

\$20

Credit Card Payment

\$1.20 per transaction

Trouble-Call Charge (Rule No. 38)

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

Disconnection Charge (Rule Nos. 30 & 31)

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

Unauthorized Restoration of Service (Rule No. 32)

Reconnection charge plus costs

Damage/Tampering Charge (Rule No. 36)

At cost

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SCHEDULE NO. 9 (continued)

MISCELLANEOUS SERVICE CHARGES

Field Visit Charge (Rule No. 31)

\$25

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

Materials – at cost
Labor - \$50 per hour

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SCHEDULE NO. 10

POWER COST ADJUSTMENT

Schedule 9 is an “Automatic Adjustment Clause” as defines in ORS 757.210(b). The Automatic Adjustment Clause is subject to an annual review by the Commission. This tariff establishes an automatic cost adjustment mechanism for changes in the Company’s purchased power costs as a result of changes in the power rates charged by the Company’s power supplier(s).

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

Purchased Power Cost Adjustment

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

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

Power Cost Adjustment Calculation

A power cost adjustment will be calculated as follows: Current power rate (per 100 cf of water) X percentage increase X power supplier’s allocator = \$power cost adjustment (per 100 cf of wager). For example: If PP&L provides 51.58% of Roats’ electric power for domestic water, then a 30% rate increase by PP&L would result in the following power cost increase: $\$(0.166) (0.30) (0.5158) = \$0.0257/100 \text{ cf}$

Other Requirements

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

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RULES AND REGULATIONS

Rule 1: Jurisdiction of the Commission

The Rules and Regulations herein shall be subject to the rules and regulations of the Public Utility Commission of Oregon.

Rule 2: Definitions

- A. **“Utility” shall mean ROATS WATER SYSTEM, INC.**
- B. “Applicant” shall mean any person, business, or organization that applies for service or reapplies for service at a new existing location after service has been discontinued, except as noted in the definition of “Customer.”
- C. “Commission” shall mean the Public Utility Commission of Oregon.
- D. “Customer” shall mean any person, business, or organization who has applied for, been accepted to receive, or is currently receiving service. A customer who voluntarily discontinues service at the same or different premises within 20 (twenty) days after discontinuance retains customer status.
- E. “Residential customer premises” shall mean any dwelling and its land including, but not limited to, a house, apartment, condominium, townhouse, cottage, cabin, mobile home, or trailer house.
- F. “Commercial customer premises” shall mean any premises at which a customer carries on any major activity of gaining a livelihood or performing a public service. Such activity may be of a business, industrial, professional, or public nature.
- G. “Main” shall mean the pipe laid in the street, alley, or other right-of-way for the distribution of water to customers. It shall not include service lines.
- H. “Service connection” shall mean the pipe, stops, fittings, meter, and meter box laid from the main to the property line of the premises served.
- I. “Customer Service line” shall mean the pipe, stops, and fittings leading from the property line to the premises served.
- J. Point of Delivery is the property line or the outlet swivel/union of the meter defining where the service connection stops and the customer line starts.

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APPLICATION FOR SERVICE

Rule 3: Customer/Applicant Information (OAR 860-036-0015)

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

- A. Instructions on how to read meters, either in writing or by explanation;
- B. Application and contract forms;
- C. Utility rules and regulations;
- D. Commission rules and regulations;
- E. Approved tariffs;
- F. Rights and Responsibilities Summary for Oregon Utility Consumers;
- G. Notices in foreign languages, if applicable;
- H. The utility’s business address, telephone number, and emergency telephone number; and
- I. Notices approved by the Commission.

Rule 4: Application for Service (OAR 860-036-0035)

Application for water service must be made for each individual service. The application shall identify the applicant, the premises to be served, the billing address if different, the type of use to which the water is to be put, and an agreement to conform to the Rules and Regulations of the utility as a condition for receiving such service. The applicant shall, at this time, pay any scheduled fees or deposits. An application is a request for water utility service and shall not be accepted until the applicant establishes credit as set forth in OAR 860-036-0040.

An application for water service must be made where:

- A. An applicant who has not previously been served by the water utility requests service;
- B. Service has been involuntarily discontinued in accordance with the utility and Commission rules, and service is sought;
- C. Service has been voluntarily discontinued and a request to restore service has not been made within 20 days; or
- D. There is a change in the identity of a customer, the type of use to which the water is put, or the number of premises served.

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Rule 5: Deposit for Service (OAR 860-036-0040)

In accordance with the Commission’s rules for credit establishment and deposit waiver, an applicant or a customer may be required to make a deposit to secure payment of bills for service. The deposit shall not exceed one-sixth (1/6) the amount of reasonable estimated billings for one year’s use of service at the premises during the prior year or upon the type and size of the customer’s equipment that will use the service. (OAR 860-036-0040)

The utility shall pay interest on deposits at the rate established by the Commission. After the customer has paid bills for service for 12 consecutive months without having had service discontinued for nonpayment, or more than two occasions in which a shut-off notice was issued, and the customer is not then delinquent in the payment of bills, the utility shall promptly and automatically refund the deposit plus accrued interest by **(check one)**:

- 1) issuing the customer a refund check
- 2) crediting the customer’s account; however, a customer is entitled to a refund upon request pursuant to OAR 860-036-0055.

Rule 6: Customer Service Line

The customer shall own and maintain the customer service line and promptly repair all breaks and leaks. The utility shall not be responsible for any damage or poor service due to inadequacy of the customer line or any portion of the customer’s plumbing. All leaks in the customer line, faucets, and all other parts of the plumbing owned or controlled by the customer shall be promptly repaired so as not to waste water.

Rule 7: Separate Control of Service

All premises supplied with water will be served through service lines so placed as to enable the utility to control the supply to each individual premise using a valve placed within and near the line of the street, the utility right-of-way, or at the meter.

Rule 8: Service Connections (OAR 860-036-0060)

The utility shall furnish and install at its own expense all necessary trenching, pipe, valves, and fittings between its main line and the customer’s service line. Such installation shall be designated as the service connection. The utility shall own, operate, maintain, and replace the service connection when necessary and promptly repair all breaks and leaks. The customer shall not be responsible for any damage or poor service due to inadequacy of the service lines or any portion of the utility’s plumbing.

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Rule 9: Service Connection Charge

An applicant requesting permanent water service to premises not previously supplied with permanent water service by the utility shall be required to pay the service connection charge listed in the utility’s Miscellaneous Service Charges Schedule.

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

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

Rule 10: Residential Development Charge

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

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

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

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

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Rule 11: Main Line Extension Policy (OAR 860-036-0065)

The utility shall specify the size, character, and location of pipes and appurtenances in any main line extension. Main line extensions shall normally be along streets, roads, highways, or other satisfactory rights-of-way. All construction work shall conform to all applicable rules, regulations, codes, and industry standards. Each main line extension shall normally extend along applicant's property line to the point the applicant's service line would be at a 90-degree angle to the street or main line.

Rule 12: Main Line Advances and Refunds Policy

Definitions

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

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

Specifications

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

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

Advances and Refunds

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

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

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

Rule 13: Types of Use

Water service may be supplied for residential, commercial, irrigation, temporary construction, special contracts, fire prevention, and other uses. The utility shall file separate rate schedules for each type of use and basis of supply.

Rule 14: Multiple Residences

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

Rule 15: Utility Access to Private Property (OAR 860-036-0120(3)(b) and OAR 860-036-0205(3))

Customers shall provide access during reasonable hours to utility-owned service lines that extend onto the premises of the customer for the purposes of reading meters, maintenance, inspections, or removal of utility property at the time service is to be discontinued. Where the customer does not cooperate in providing reasonable access to the meter or to the premises, as required by law or to determine if a health or safety hazard exists, it is grounds for disconnection.

Rule 16: Restriction on Entering a Customer Residence (OAR 860-036-0085)

No water utility employee shall enter the residence of its customers without proper authorization except in an emergency when life or property is endangered.

REFUSAL OF SERVICE

Rule 17: Refusal of Service Due to Customer Accounts (OAR 860-036-0080(1-3))

The utility may refuse to serve an applicant until receipt of full payment of overdue amounts, or other obligations related to a prior account of the applicant with the utility, when the following circumstances exist:

- A. An overdue amount remains outstanding by a customer at the service address;
- B. The applicant resided at the service address indicated in (A) during the time the overdue charges were incurred; **and**

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C. The person indicated in (A) will reside at the location to be served under the new application. (OAR 860-036-0080)

Service shall not be refused for matters not related to water service. Residential service shall not be refused due to obligations connected with nonresidential service.

If service is refused under this rule, the utility shall inform the applicant or customer of the reasons for the refusal and of the Commission’s dispute resolution process.

Rule 18: Refusal of Service Due to Utility Facilities (OAR 860-036-0080(7))

The utility shall not accept an application for service or materially change service to a customer if the utility does not have adequate facilities or water resources to render the service applied for, or if the desired service is of a character that is likely to unfavorably affect reasonable service to other customers.

For refusal of service under this rule, the utility shall provide a written letter of refusal to the applicant informing applicant that the details upon which the utility’s decision was based may be requested. A copy of such notice will be sent to the Commission. The details will include, but not be limited to:

- A. Current capacity and load measured in gallons or cubic feet per minute;
- B. Current capacity and load measured in pounds per square inch;
- C. Cost to the utility for additional capacity in order to provide the additional service; and
- D. Information regarding the appeal process of the utility’s refusal to provide service is available through the Commission’s dispute resolution process pursuant to OAR 860-036-0025.

Rule 19: Refusal of Service Due to Customer Facilities (OAR 860-036-0080(4-6))

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

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

METERS

Rule 20: Utility Meters (OAR 860-036-0105)

The utility shall own, maintain, and operate all meters. Meters placed in service shall be adequate in size and design for the type of service, set at convenient locations, accessible to the utility, subject to the utility’s control, and placed in a meter box or vault between the street curb and property line. Each meter box or vault shall be provided with a suitable cover.

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Where additional meters are furnished by the utility or relocated for the convenience of the customer, a reasonable charge may be made in accordance with a schedule approved by the Commission.

The water utility shall have the right to set meters or other devices for the detection and prevention of fraud or waste without notice to the customer.

Each customer shall provide the utility with regular access to the meter on the customer’s property. Failure to permit access at reasonable times and after reasonable notice by the utility requesting access is grounds for disconnection. (OAR 860-036-0120) Should damage result to the meter from molesting, tampering, or willful neglect on the part of the customer, the utility shall repair or replace the meter and may bill the customer for the reasonable cost. (OAR 860-036-0105(6))

Rule 21: Meter Testing (OAR 860-036-0110)

The meter shall be tested prior to or within 30 (thirty) days of installation to determine it is accurate to register not more than 2 percent error. No meter shall be allowed to remain in service if it registers an error in excess of 2 percent under normal operating conditions. The utility shall maintain a record of all meter tests and results. Meter test result records shall include:

- A. Information necessary to identify the meter;
- B. Reason for making the test;
- C. Date of test;
- D. Method of testing;
- E. Meter readings;
- F. Test results; and
- G. Any other information required to permit convenient checking of methods employed.

Rule 22: Customer-Requested Meter Test (OAR 860-036-0115)

A customer may request that the utility test the service meter; such test shall be made within 20 working days of the receipt of such request at no cost to the customer. The customer has the right to be present during said test, which is to be scheduled at a mutually agreeable time. A written report shall be provided to the customer stating:

- A. Customer’s name;
- B. Date of the customer’s request;
- C. Address at which the meter has been installed;
- D. Meter identification number;
- E. Date of actual test; and
- F. Test results.

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If a customer requests a meter test more often than once in any 12-month period, the deposit listed on the Miscellaneous Service Charges Schedule may be required to recover the cost of the test. If the meter is found to register more than 2 percent fast under conditions of normal operation, the utility shall refund the deposit to the customer.

BILLING

Rule 23: Billing Information/Late-Payment Charge (OAR 860-036-0120, 860-036-0125, and 860-036-0130)

Bills are due and payable when rendered by deposit in the mail or other reasonable means of delivery. As near as practical, **meters shall be read at** **monthly**, bimonthly, quarterly, or annual intervals on the corresponding day of each meter reading or billing period. The bill shall be rendered immediately thereafter. (OAR 860-036-0120(3) requires water utilities to bill at monthly intervals. A utility may request upon application special authority by the Commission to bill at intervals other than monthly.) The utility shall make reasonable efforts to prepare opening and closing bills from actual meter readings. When there is good reason for doing so, estimated bills may be submitted. Any estimated billings shall be clearly designated as such.

The late-payment charge determined by the Commission and listed on the Miscellaneous Service Charges Schedule shall be applied to all overdue balances at the time of preparing the subsequent months' bill or balances owing that are 30 days old.

All bills become delinquent if not paid within 15 days of the date of transmittal of the bill. (OAR 860-036-0125 requires a minimum of 15 days.) If permitted to become delinquent, water service may be terminated after proper notice as provided in Rule 29, Disconnection/Reconnection Visit Charge.

All water service bills shall show:

- A. Beginning and ending meter readings for the billing period;
- B. Beginning and ending dates of the period of service to which the bill applies;
- C. For all metered bills, beginning and ending meter readings for the period for which the bill is rendered;
- D. Number of units of service supplied stated in gallons or cubic feet;
- E. Schedule number under which the bill was computed;
- F. Delinquent date of the bill;
- G. Total amount due; and
- H. Any other information necessary for the computation of the bill.

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Rule 24: Partial Payment

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

- (a) Past due regulated tariffed services;
- (b) Currently due regulated tariffed services;
- (c) Non-regulated tariffed services;
- (d) Non-tariffed services.

Rule 25: Returned-Check Charge

The returned-check charge listed on the Miscellaneous Service Charges Schedule shall be billed for each occasion a customer submits a check for payment that is not honored, for any reason, by a bank or other financial institution.

Rule 26: Prorating of Bills

Initial and final bills will be prorated according to the number of days service was rendered and on the basis of a 31-day month. For metered services, the meter will be read upon opening and closing a customer's account. Consumption will be charged at scheduled rates. Any minimum monthly charge will be prorated.

Rule 27: Adjustment of Bills (860-036-0135)

When an under billing or overbilling occurs, the utility shall provide written notice to the customer detailing the circumstances, period of time, and the amount of the adjustment. If it can be shown that the error was due to an identifiable cause, the date of which can be fixed, the overcharge or undercharge shall be computed back to such date. If no date can be fixed, the utility shall refund the overcharge or rebill the undercharge for no more than six months' usage. In no event shall an overbilling or under billing be for more than three years' usage. No billing adjustment shall be required if a meter registers less than 2 percent error under conditions of normal operation.

When a customer is required to repay an under billing, the customer shall be entitled to enter into a time-payment agreement without regard to whether the customer already participates in such an agreement. If the customer and the utility cannot agree upon payment terms, the Commission shall establish terms and conditions to govern the repayment obligation. The utility shall provide written notice advising the customer of the opportunity to enter into a time-payment agreement and of the Commission's complaint process.

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DISCONNECTION OF WATER SERVICE

Rule 28: Voluntary Discontinuance (OAR 860-036-0210)

Except for emergencies, customers who (for any reason) wish to have service discontinued shall provide the utility with at least five days' advance notice of the requested date of discontinuance of service. Until the utility receives such notice, the customer shall be held responsible for all service rendered. Should the customer wish to recommence service within 12 months at the same premises, the customer will be required to pay the customary minimum monthly charge as if service had been continuous. The reconnection charge listed on the Miscellaneous Service Charges Schedule will be applicable at the time of reconnection.

Rule 29: Emergency Disconnection (OAR 860-036-0215)

The utility may terminate service in emergencies when life or property is endangered without following the procedures set forth in OAR 860-036-0245. Immediately thereafter, the utility will notify the customer and the Commission. When the emergency termination was through no fault of the customer, there shall be no charge made for restoration of service.

Rule 30: Disconnection of Water Service Charge for Cause (OAR 860-036-0205 and 0245)

When a customer fails to comply with the utility's rules and regulations, or permits a bill or charge for regulated services to become delinquent (except for nonpayment of a time-payment agreement*), the utility shall give at least five days' written notice before water may be shut off. The notice shall state:

- A. The reason(s) for the proposed disconnection;
- B. The earliest date for disconnection;
- C. The amount to be paid to avoid disconnection;
- D. An explanation of the time-payment provision of OAR 860-036-0125;
- E. Information regarding the Commission's dispute resolution process; and
- F. The Commission's Consumer Services toll-free number, 1-800-522-2404.

Prior to disconnection on the day that the water utility expects to disconnect service, the utility must make a good-faith effort to physically contact the customer to be disconnected or an adult at the customer's premise to be disconnected to advise the customer or adult of the proposed disconnection. If contact is not made, the utility shall leave a notice in a conspicuous place at the customer's premise informing the customer that service has been or is about to be disconnected. The utility shall document its efforts to provide notice and make that documentation available to the customer upon request.

Service shall not be shut off for nonemergencies on a Friday or the day of a state- or utility-recognized holiday or the day prior to such holiday. (OAR 860-036-0220)

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The utility shall not disconnect residential service due to the failure to pay or meet obligations associated with nonresidential service. (OAR 860-036-0225)

A water utility may not disconnect residential service for nonpayment if a customer enters into a written time-payment plan. The utility will offer such customers a choice of payment agreements between a levelized-payment plan and an equal-pay arrearage plan or some other mutually agreeable alternate payment arrangement agreed to in writing. (OAR 860-036-0125)

*When a customer fails to comply with the terms of a written time-payment agreement between the customer, and/or the utility permits a time-payment agreement charge to become delinquent, the utility shall give at least 15 days' written notice before the water may be shut off.

Rule 31: Reconnection Charge and Disconnection Visit Charge (OAR 860-036-0080 and 0245(7))

Service shall not be restored until the utility's rules and regulations are complied with and/or payment is made in the amount overdue and any additional disconnection, reconnection, or disconnection visit charges incurred as listed on the Miscellaneous Service Charges Schedule are paid.

Rule 32: Unauthorized Restoration of Service

After the water has been disconnected or shut off at the curb stop or at the meter, if any person not authorized by the utility should turn it on, the water service line may be disconnected without notice. Service shall not be reconnected until all arrearages, all cost-of-service disconnection and reconnection, and the reconnection charge listed on the Miscellaneous Service Charges Schedule are paid in full.

Rule 33: Unauthorized Use

No person shall be allowed to make connection to the utility mains, or to make any alteration to service connections, or to turn a curb stop off or on to any premises, without written permission of the utility. Meter tampering, diverting service, or any other unauthorized use of service will automatically cause a disconnection of the water service and meter removal. All fees, costs of disconnection and reconnection, past-due billings, and service charges listed on the Miscellaneous Service Charges Schedule must be paid in full before any service is restored. An advance deposit for restoration of service may be required.

Rule 34: Interruption of Service (OAR 860-036-0075)

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

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

Rule 35: Water Supply/Usage Restrictions (OAR 860-036-0325)

The utility shall exercise due diligence to furnish a continuous and adequate supply of water to its customers. If water restrictions are necessary to equitably apportion its available water supply among its customers with due regard to public health and safety, the utility shall provide written notification to its customers and the Commission including:

- A. Reason for the restriction;
- B. Nature and extent of the restriction;
- C. Effective date of the restriction; and
- D. Probable date of termination of such restriction.

Rule 36: Damages/Tampering

Should damage result to any of the utility’s property from molesting or willful neglect by the customer to a meter or meter box located in the customer’s building, the utility will repair or replace such equipment and will bill the customer for the costs incurred.

SERVICE QUALITY

Rule 37: System Maintenance (OAR 860-036-0305)

The utility shall have and maintain its entire plant, distribution system, and hydrants in such condition that it will furnish safe, adequate, and reasonable continuous service. The utility shall inspect its facilities in such manner and with such frequency as may be necessary to ensure a reasonably complete knowledge of its condition and adequacy at all times.

The utility shall keep such records of all routine maintenance as considered necessary for the proper maintenance of its system, including regular flushing schedules, exercising of valves, and valve inspections.

Rule 38: Trouble Call

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

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Rule 39: Water Quality (OAR 860-036-0310)

The utility shall deliver water for domestic purposes free from bodily injurious physical elements and disease-producing bacteria and shall cause such tests to be made and precautions taken as will ensure the constant purity of its supply.

The utility shall keep a record of all water quality testing, results, monitoring, and reports.

The utility shall deliver domestic water that is reasonably free from elements that cause physical damage to customer property such as pipes, valves, appliances, and personal property. A water supply that causes such damage will be remedied until the conditions are such as to not reasonably justify the necessary investment.

Rule 40: Water Pressure (OAR 860-036-0315)

Each water utility shall maintain pressure at a minimum of 20 pounds per square inch (psi) for health reasons to each customer at all times and not exceed a maximum of 125 psi. The 20 psi and 125 psi standards are not presumed to be adequate service and do not restrict the authority of the Commission to require improvements where water pressure or flow is inadequate.

In general, 40 psi of water pressure in the water mains is usually adequate for the purposes of this rule. Adequate pressure may vary depending on each individual water system and its customers' circumstances. In the case of a dispute, the Commission will determine the appropriate water pressure for the water utility.

Rule 41: Pressure Surveys (OAR 860-036-0320)

The utility shall have a permanently placed pressure gauge located on a main that is representative of the system's pressure. A portable gauge in good working condition shall be available for checking pressure conditions in any part of the distribution area.

Rule 42: Customer-Requested Pressure Test (OAR 860-036-0320)

Upon customer request, the utility will perform a water pressure test within 20 working days of the request at no cost to the customer. If the customer requests more than one pressure test within any 12-month period, a deposit to recover the reasonable cost of the additional test may be required of the customer. The deposit shall be returned if the pressure test indicates less than 20 psi or more than 125 psi. The customer or designated representative has the right to be present at the pressure test, and said test shall be conducted at a mutually agreeable time.

For metered service, the pressure will be tested at a point adjacent to the meter on the customer's service line. For nonmetered service, the pressure will be tested at the customer's service line or hose bib or other reasonable point likely to best reflect the actual service pressure.

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Rule 43: Maps/Records (OAR 860-036-0335)

The utility shall keep on file current maps and records of the entire plant showing size, location, character, and date of installation of major plant items, including shut-off valves.

Rule 44: Utility Line Location (One Call Program) (OAR 860-036-0345)

The utility and its customers will comply with the requirements of OAR 952-001-0010 through and including OAR 952-001-0090 (One Call Program) regarding identification and notification of underground facilities.

Rule 45: Cross Connection/Backflow Prevention Program

Pursuant to OAR 33-061, and in accordance with Company Cross Connection Regulation, the Company's Schedule 2, and the Public Utility Commission of Oregon's rules and regulations, the Company may require installation and testing of an approved backflow prevention device. Failure on the part of any customer to comply with these rules and regulation may result in discontinuance of service in accordance with Rule 29 and 30.

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