



900 S.W. Fifth Avenue, Suite 2600
Portland, Oregon 97204
main 503.224.3380
fax 503.220.2480
www.stoel.com

KEVIN T. FOX
Direct (503) 294-9139
ktfox@stoel.com

August 22, 2006

ELECTRONIC FILING

PUC Filing Center
Oregon Public Utility Commission
PO Box 2148
Salem, OR 97308-2148

**Re: In the Matter of the Tariffs for Water Service in the State of Oregon
Filed by Sunriver Water, LLC**

Enclosed for filing are the original and twenty (20) copies of the Application, Direct Testimony and Exhibits of Sunriver Water, LLC in this matter.

Very truly yours,

A handwritten signature in black ink, appearing to read "Kevin T. Fox". The signature is stylized and fluid.

Kevin T. Fox

KTF:jlf

Enclosures

cc: Service List
Mr. Tom Keith
Mr. Raymond J. Bartlett

Oregon
Washington
California
Utah
Idaho

STOEL RIVES LLP
900 SW Fifth Avenue, Suite 2600, Portland, OR 97204
Main (503) 224-3380 Fax (503) 220-2480

BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON

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In the Matter of Tariffs for Water Service
in the State of Oregon filed by Sunriver
Water, LLC

SUNRIVER WATER, LLC
TRIAL BRIEF

Pursuant to the provisions of OAR 860-013-0075, Sunriver Water, LLC (“Sunriver” or the “Company”) submits its Trial Brief accompanying the Company’s Application and supporting testimony of Raymond J. Bartlett and Terry Penhollow.

The referenced administrative rule describes, among other things, a required exhibit that reflects information describing various aspects of the utility’s filing. This information is set forth in the Application and the Company respectfully requests that the Commission accept applicable references, as follows.

(A) The dollar amount of total revenues that would be collected under the proposed rates: the revenues for each customer class under proposed rates is set forth in paragraph number 33 of the Application.

(B) The dollar amount of revenue change requested, total revenues, and revenues net of any credits from federal agencies: Sunriver requests an increase in total annual revenue, net of any credits from federal agencies, from \$910,888 to \$1,412,223 resulting in an increase of \$501,335 or 55 percent.

(C) The percentage change in revenues requested, total revenues, and revenues net of any credits from federal agencies: *See* (B) above.

(D) The test period: Sunriver utilized calendar year 2005 with pro forma adjustments for known and measurable changes.

STOEL RIVES LLP
900 SW Fifth Avenue, Suite 2600, Portland, OR 97204
Main (503) 224-3380 Fax (503) 220-2480

1 (E) The requested return on Capital and return on equity: Sunriver is seeking a
2 ten (10) percent return on a rate base of \$2,695,284. The Company's capital structure is
3 100% equity. See Application paragraph number 25.

4 (F) The rate base proposed in this filing: See (E) above.

5 (G) The results of operations before and after the proposed rate change. See
6 Application paragraph number 28.

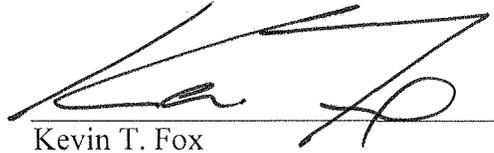
7 (H) The proposed effect of the rate change on each class of customers. See
8 Application paragraph number 33.

9 Pursuant to OAR 860-013-0060(2)(a), an original and twenty copies of the
10 Application, supporting testimony and exhibits accompany this Trial Brief.

11 Pursuant to OAR 860-036-0620(2), Sunriver will notify all customers of its filing of
12 this general rate increase application by publication of a notice in a newspaper of general
13 circulation in the communities served by the Company within fifteen (15) days of filing. A
14 copy of the notice that will be published is appended to this Application as Attachment B.

15 DATED: August 22, 2006.

16 Respectfully submitted,

17 

18 Kevin T. Fox
19 STOEL RIVES LLP
20 900 SW Fifth Avenue, Suite 2600
21 Portland, OR 97204-1268

22 Of Attorneys for Sunriver Water, LLC
23
24
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**BEFORE THE PUBLIC UTILITY COMMISSION
OF THE STATE OF OREGON**

SUNRIVER WATER, LLC

DOCKET NO. _____

**APPLICATION
DIRECT TESTIMONY AND EXHIBITS**

AUGUST 2006

PLEASE FILL IN ALL BLANKS

TO: VIKIE BAILEY-GOGGINS, ADMINISTRATOR
REGULATORY OPERATIONS DIVISION
PUBLIC UTILITY COMMISSION OF OREGON
PO BOX 2148
SALEM OR 97308-2148

FROM: TOM KEITH
SUNRIVER WATER LLC
PO BOX 3699
SUNRIVER, OR 97707

BEFORE THE PUBLIC UTILITY COMMISSION OF OREGON

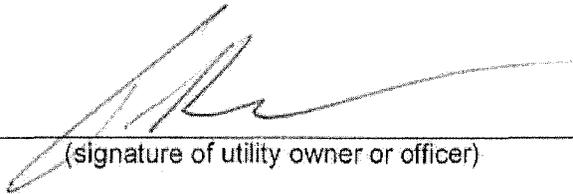
In the Matter of Tariffs for Water Service)
in the State of Oregon filed by) BRIEF
SUNRIVER WATER, LLC)
_____)

Sunriver Water, LLC

In accordance with Oregon Revised Statutes 757.205 and 757.220, herewith files tariff sheets designated as PUC Oregon No. 1, Original Tariff Sheets Nos. 1 through 26 to become effective for service rendered on and after January 1, 2007 (at least 30 days after filing date). The purpose of this filing is to:

- 1) Establish rates resulting in total annual revenues of \$ _____ OR
- 2) Increase or decrease the utility's total annual revenues from \$910,888 to \$1,412,223, resulting in a net **increase/decrease of \$501,335 or 55%**. After deducting for operating expenses, the projected revenues will produce a **10% return on a rate base of \$2,695,284.**

The attached testimony summarizes the utility's financial operations, the effects of current rates on the individual classes of customers, and the effects of the proposed rates on the individual classes of customers for the **12-month test period ending December 31, 2005.**



(signature of utility owner or officer)

Tom Keith

(printed name of owner or officer)

Sunriver Water, LLC

(legal name of utility)

8-21-06

(date)

Vice President

(title or position)

Attachment

UTILITY COMPANY TESTIMONY

(Question and Answer Format)

PLEASE FILL IN ALL BLANKS

1. Q. PLEASE PROVIDE THE FOLLOWING INFORMATION REGARDING THE WATER UTILITY:

A.

Legal Name	SUNRIVER WATER LLC		
Business Address	PO BOX 3699		
City, State, Zip	SUNRIVER, OR 97707		
Telephone #	(541) 593-4197	Emergency #	(541) 593-8034
Fax #	(541) 593-4643	Email Address	

2. Q. PLEASE PROVIDE THE FOLLOWING INFORMATION IF DIFFERENT FROM QUESTION #1.

A.

Name	TOM KEITH		
Title	VICE PRESIDENT OF FINANCE		
Address	SUNRIVER RESORT LLP PO BOX 3699		
City, State, Zip	SUNRIVER, OR 97707		
Telephone #	(541) 593-3766	Emergency #	
Fax #	(541) 593-4286	Email Address	tkeith@sunriver-resort.com

3. Q. PLEASE PROVIDE THE FOLLOWING INFORMATION REGARDING THE SYSTEM OPERATOR.

A.

Operator Name	TERRY PENHOLLOW		
Address	PO BOX 3699		
City, State, Zip	SUNRIVER, OR 97707		
Telephone #	(541) 593-4458	E-Mail Address	tpenhollow@sunriver-resort.com
Certified Operator <input checked="" type="checkbox"/> yes <input type="checkbox"/> no	Certification Level II	Registration Number #1417	

4. Q. PLEASE PROVIDE THE FOLLOWING INFORMATION REGARDING THE WATER UTILITY ACCOUNTANT OR BOOKKEEPER.

A. The utility's accountant or bookkeeper is:

Name	TOM KEITH
Address	SUNRIVER RESORT LP PO BOX 3609
City, State, Zip	SUNRIVER, OR 97707
Telephone Number	(541) 593-3766
E-Mail Address	tkeith@sunriver-resort.com

5. Q. PROVIDE THE NAME, ADDRESS, AND TELEPHONE NUMBERS OF ALL THE UTILITY OWNERS.

A. The utility owners are:

Name	SUNRIVER RESORT LIMITED PARTNERSHIP
Address	PO BOX 3609
City, State, Zip	SUNRIVER, OR 97707
Telephone Number	(541) 593-4197

6. Q. PLEASE LIST ALL UTILITY OFFICERS AND PROVIDE THE FOLLOWING INFORMATION.

A. The utility officers are:

Name	N/A		
Title			
Address			
City, State, Zip			
Hours Worked		Annual Salary	\$
Phone Number			
E-Mail Address			

7. Q. WHAT IS YOUR AFFILIATION WITH THE WATER UTILITY? DESCRIBE YOUR CURRENT WATER UTILITY RESPONSIBILITIES.

A. My affiliation with the water utility and current responsibilities are:

I, Terry D. Penhollow, direct the day to day activities of the Sunriver Water LLC and helped prepare this rate case. Tom Keith of Sunriver Resort LP also helped prepare this rate case.

8. Q. ARE YOU ENGAGED IN OTHER BUSINESS IN ADDITION TO THE WATER UTILITY?

- A. **No**, I am not engaged in other business.
 Yes, I am engaged in other business, they are:
Sunriver Sewer Utility

9. Q. DID YOU PREPARE THE EXHIBITS IN THIS TESTIMONY OR WERE THEY PREPARED UNDER YOUR SUPERVISION?

- Yes**, the exhibits in this testimony were prepared by me or under my supervision.
 No, I did not prepare the exhibits in this testimony. The exhibits were prepared by:

Name	RAYMOND J. BARTLETT
Address	ECONOMIC & FINANCIAL ANALYSIS 1409 FRANKLIN STREET, SUITE 201
City, State, Zip	VANCOUVER, WA 98660
Telephone Number	(360) 823-1700
E-Mail Address	rjbefa@aol.com

SUMMARY OF THE UTILITY'S PROPOSED RATE REQUEST

10. Q. WHAT CHANGE IN ANNUAL REVENUES IS THE UTILITY SEEKING?

- A. The utility's most recent calendar year revenues are \$910,888.
The utility seeks a rate increase or decrease of **\$501,335** or **55%** in current annual revenues, resulting in total annual revenues of **\$1,412,223**

11. Q. PLEASE SUMMARIZE WHY THE UTILITY IS SEEKING THE PROPOSED CHANGE IN RATES.

- A. The utility is seeking this change in rates because:

of three reasons: increasing operating costs, particularly labor and energy; investment in new plant and equipment; and inclusion of fire protection cost in rates.

- 1) To address water quality problems in well #12 and water pressure problems that occur at periods of peak water usage, Sunriver is constructing a new well (#14) next to an existing reservoir. It has transferred domestic water rights from existing well #12 to the new well; discontinued using well #12 for domestic purposes; and, transferred irrigation water rights to well #12. Well #12 will be used exclusively for irrigation with non-potable water. Golf course consumption for domestic purposes, such as for the club house, will continue to use the domestic water system. Because Crosswater golf course is the single largest user of water at periods of peak water usage, removing it from the domestic water system should alleviate

current low water pressure problems. Sunriver will then begin delivering two different water products; potable domestic water and non-potable irrigation water.

- 2) To attract and retain qualified labor, Sunriver has increased both the pay scale and benefits rates of its employees. Energy costs for vehicles have increased also.
- 3) To eliminate the public fire protection rate now charged to owners' associations for fire hydrants (\$80,518) and transfer these costs to the base rates of water users. The fire protection rates for private fire sprinkler systems will continue to be charged.

Please also see attached Exhibit SW-1, Direct Testimony of Raymond J. Bartlett and Exhibit SW-3, Direct Testimony of Terry Penhollow.

12. Q. WHAT HISTORICAL 12-MONTH PERIOD IS THE UTILITY SELECTING AS ITS TEST YEAR FOR THIS RATE PROCEEDING?

- A. The test period the utility selected is January 1, 2005 to December 31, 2005.

13. Q. WHAT IS THE UTILITY'S AMOUNT OF RATE BASE (UTILITY PLANT MINUS ACCUMULATED DEPRECIATION AND OTHER CONTRA PLANT ACCOUNTS, PLUS WORKING CASH AND MATERIALS INVENTORY)?

- A. The utility rate base is **\$2,695,284 (including working capital and construction work in progress, CWIP, all of which is scheduled to be in service by year-end 2006).**

14. Q. WHAT RATE OF RETURN ON RATE BASE (INVESTMENT) IS THE UTILITY PROPOSING IN THIS RATE PROCEEDING AND WHY?

- A. The utility is seeking a 10% rate of return on rate base because:

Value Line reported in its April 2006 analysis of the Water Utility Industry a before tax return on equity of approximately 11.5% for the foreseeable future. Historically, return on equity ranged from 8.8% to 11.1% and the average of the years between 2002 and 2006 has been 10.01%. Value Line also noted that returns have been depressed in this industry due to ". . . unfavorable and delayed rate relief case rulings . . . and by . . . abnormally wet weather in recent months." (Value Line April 28, 2006, page 1416). The firms in Value Line's analysis are primarily regulated water utilities.

IRS data (IRS Corporate Ratios 2004, published by ValueSource, Inc. from IRS tax records) compiled by industry for private companies in the Water, Sewage and Other Systems (NAICS Code 221300) industry shows % Profit Before Taxes / Assets Net of Accumulated Depreciation at an average of 12.83% and a range of 7.66% to 17.14% over the years 1999 through 2003 for all firms with gross sales between \$1.0 million and \$5.0 million. A significant proportion of firms in this industry are unregulated sewage, irrigation water, and steam and air conditioning supply companies.

Although Sunriver Water, LLC believes that a rate of return on rate base greater than 10% may be justified, the company has limited its request to the settlement amount from its last rate case: 10%.

GENERAL UTILITY INFORMATION

15. Q. HOW IS THE UTILITY LEGALLY ORGANIZED AND IN WHAT YEAR WAS IT ORGANIZED.

A. The water utility was legally organized on January 29, 1998, under the laws of the State of Oregon as a: _____ (date)

Proprietorship Partnership Corporation LLC Other: _____

16. Q. PLEASE STATE THE YEAR THE WATER SYSTEM WAS ORIGINALLY CONSTRUCTED AND THE MONTH/YEAR IT BEGAN PROVIDING WATER SERVICE.

A. The system was originally constructed in 1968, began providing service on July 1969.

17. Q. PLEASE PROVIDE THE MONTH AND YEAR THE UTILITY WAS ACQUIRED BY ITS CURRENT OWNER(S) AND HOW IT WAS ACQUIRED.

A. On June 1998, the utility was (check one):

Purchased Constructed Received through donation Inherited

18. Q. DO ORAL OR WRITTEN CONTRACTS EXIST BETWEEN THE UTILITY AND PERSONS AFFILIATED WITH THE COMPANY? IF YES, PLEASE PROVIDE COPIES OF EACH CONTRACT.

A. **No**, oral or written contracts **do not exist** between the utility and its owners and affiliated interests.

Yes, PUC approved contracts do exist between the utility and its owners and affiliated interests. Approval found in PUC Order No. 02-662. A copy of this contract is provided as Attachment Q.18.

Yes, Non-approved oral or written contracts do exist between the utility and its owners and affiliated interests. I have attached a copy of these contracts, along with a cover letter requesting approval of these contracts.

19. Q. DOES THE UTILITY HAVE A PUC APPROVED SERVICE TERRITORY?

A. **No**, the utility has not filed an application with PUC for an approved service territory.

Yes, the utility's service territory is approved by the PUC, per Order No. 01-991.

Application has been filed and is pending.

20. Q. IS THE UTILITY AN AFFILIATE OF A PARENT CORPORATION OR HOLDING COMPANY?

- A. **No**, the utility **is not a subsidiary** of a parent corporation or holding company.
 Yes, the utility **is a subsidiary** of a parent corporation or holding company.
 Attached are the parent/holding company's balance sheet/income statements for the last calendar year.

21. Q. HOW MANY FULL OR PART-TIME EMPLOYEES DOES THE UTILITY CURRENTLY EMPLOY?

- A. The utility currently employs seven (over 100 hours per month) full-time and eight (under 100 hours per month) part-time employees.

22. Q. PROVIDE THE FOLLOWING INFORMATION FOR ALL EMPLOYEES. (IF A POSITION IS CURRENTLY VACANT BUT WILL BE FILLED WITHIN A YEAR, INCLUDE INFORMATION FOR THAT POSITION.)

- A. Current employee detail is listed below:

Employee Name	Position	Monthly Responsibilities/Duties	Hours Per Month	Hourly Wage (No benefits)
Andy Carlton	USO1	Work in field	86.5	\$18.11
Bruce Clark	USO2	Work in field	86.5	\$20.63
Daniel Daggett	USO1	Work in field	136.0	\$19.78
Heather Daggett	Accounts Receivable	A/R billing, backflow, G/L, new services, etc.	161.0	\$14.95
Jeffrey Grafton	Utility Superintendent	Oversees all distribution and transmission services	140.0	\$33.14
Joseph Holmgren	USO1	Laboratory	20.0	\$19.38
Gary Hutter	USO1	Work in field	80.0	\$18.11
Carol Nowell	Administrative Asst	Works with Director; phones, month-end paperwork and special projects	138.0	\$14.50
Terry Penhollow	Director	Oversee all areas of the utility company	118.0	\$39.00
Todd Penhollow	Wastewater Super	Oversee all duties outside of plant, wells, meters, etc.	13.3	\$30.90
Jeremiah Wooden	USO1	Work in field / meter reader	136.0	\$17.50
Joseph Wyma	USO1	Laboratory	40.0	\$17.54
Steve Yeoman	USO1	Work in field / meter reader	136.0	\$17.25
Vacant	Utility Worker	Summer Labor	50.5	\$15.00
Vacant	USO1	Laboratory	86.5	\$16.00

23. Q. IS THE UTILITY PROPOSING TO ADD ANY FULL- OR PART-TIME EMPLOYEES WITHIN THE CONTEXT OF THIS RATE FILING OR DURING THE NEXT YEAR?

- A. **No**, the utility does not propose adding any full- or part-time employees.
- Yes**, the utility proposes to add 0 full-time and/or 0 part-time employees as described below:

Proposed Position	Responsibilities/Duties	Hours Per Month	Hourly Wage/ Monthly Salary
N/A			

24. Q. DOES THE UTILITY USE INDEPENDENT CONTRACTORS FOR LABOR, LEGAL, ACCOUNTING, MANAGEMENT, WATER TESTING, AND/OR ANY OTHER SERVICES?

- A. **No**, the utility does not contract for any services.
- Yes**, the utility contracts for the following services:

Name of Independent Contractors	Description of Contract Services	Annual Charges
Labor		
Legal		
Accounting		
Management	Sunriver Resort LP	\$125,145
Water Testing / Sampling		
Other (specify)		

25. Q. PROVIDE THE UTILITY'S CURRENT CAPITAL STRUCTURE?

- A. The utility's capital structure is:

Debt	Original Balance	Outstanding Balance	Loan Terms	Interest Rate (%)
Equity (100%)		Accumulated Depreciation	Book Value	Cost (%)
	\$4,098,570	(\$1,477,528)	\$2,621,042	10%
TOTALS				

*Rate base of Sunriver Water LLP

OPERATING REVENUES

26. Q. IN COLUMN A BELOW, PROVIDE THE UTILITY'S ACTUAL ANNUAL REVENUE FOR ITS CHOSEN TEST YEAR. IN COLUMN B BELOW, PROVIDE THE UTILITY'S PROPOSED ADJUSTMENTS (INCREASE OR DECREASE) TO COLUMN A FOR THE COMING YEAR FOR EACH APPLICABLE ACCOUNT. COLUMN C IS THE TOTAL OF COLUMNS A AND B.

A. Test period revenues, proposed revenue adjustments, and proposed revenue results are below:

Acct No		A Test Year \$ (2005)	B Proposed Adjustments \$	C Proposed Results (A + B = C) \$
26	OPERATING REVENUE			
461.1	Residential Water Sales Revenue	586,846	371,364	958,210
461.2	Commercial/Industrial Water Sales Revenue	93,359	52,361	145,720
462	Fire Protection Sales Revenue	82,671	(73,513)	9,159
464	Water Sales to Public Authorities	0	0	0
465	Irrigation Water Sales Revenue	71,299	179,239	250,538
465.1	Golf Course Revenue	49,626	(1,028)	48,597
466	Water Sales for Resale	0	0	0
467	Interdepartmental Sales	0	0	0
468	Special Contract/Agreement Revenues	0	0	0
470	Other	27,087	(27,087)	0
	TOTAL OPERATING REVENUE	910,888	501,335	1,412,223

27. Q. PLEASE PROVIDE THE DETAIL FOR ALL INDIVIDUAL LINE ITEMS THAT MAKE UP THE TOTAL REVENUES OTHER THAN WATER SALES.

A. The following is an itemized list of all revenues other than water sales:

Description of Revenue Other Than Water Sales. Please specify.	Annual Amount
Connection Fees	\$ 24,491
Disconnect / Reconnect Fees	\$ 2,000
Miscellaneous Income	\$ 596
Backflow Prevention Device Services (if offered)	
Description of Revenue Other Than Water Sales. Please specify.	Annual Amount
Rents from Water Property Acct 472	
TOTAL OTHER REVENUE	\$ 27,087

OPERATING EXPENSES

28. Q. IN COLUMN A BELOW, PROVIDE THE UTILITY'S ACTUAL ANNUAL EXPENSE FOR ITS CHOSEN TEST YEAR, USING THE APPROPRIATE ACCOUNT FOR EACH EXPENSE. IN COLUMN B, PROVIDE THE UTILITY'S PROPOSED ADJUSTMENTS (INCREASE OR DECREASE) FOR THE COMING YEAR. COLUMN C IS THE TOTAL OF COLUMN A PLUS COLUMN B. COLUMN C (PROPOSED RESULTS) IS THE TOTAL FOR EACH EXPENSE THE UTILITY IS REQUESTING IN THIS APPLICATION.

A. Test period expenses, proposed expense adjustments and proposed expense results are shown below:

Acct No		A Test Year \$ (2005)	B Proposed Adjustments \$	C Proposed Results (A + B = C) \$
601	Salaries and Wages - Employees	275,567	79,186	354,753
603	Salaries and Wages - Officers	0		0
604	Employee Pensions and Benefits	54,117	43,652	97,769
610	Purchased Water	0		0
611	Telephone/Communications	6,241		6,241
615	Purchased Power	52,210		52,210
616	Fuel for Power Production	0		0
618	Chemicals	1,422		1,422
619	Office Supplies Expense	7,687		7,687
619.1	Postage	12,580		12,580
620	Materials and Supplies - O&M	24,173		24,173
621	Repairs to Water Plant	7,672		7,672
631	Contractual Services - Engineering	39,868		39,868
632	Contractual Services - Accounting	2,658		2,658
633	Contractual Services - Legal	128		128
634	Contractual Services -Management	121,500	3,645	125,145
635	Contractual Services -Testing	0		0
636	Contractual Services - Labor	5,420		5,420
637	Contractual Services - Billing/Collections	1,403		1,403
641	Rental of Bldg/Real Property	0		0
642	Rental of Equipment	0		0
643	Small Tools	0		0
648	Computer/Electronic Expense	3,803		3,803
650	Transportation Expense	28,145	1,548	29,693
656	Insurance - Vehicle	0		0
657	Insurance - General Liability	64,666		64,666
658	Insurance - Workman's Comp	26,501	11,209	37,710
659	Insurance - Other	0		0
660	Public Relations/Advertising Expense	0		0
666	Amortization of Rate Case Expense (& Marginal COSA)	12,000		12,000
667	Regulatory Comm. Expense (Gross Revenue Fee)	0		0

Acct No		A Test Year \$ (2005)	B Proposed Adjustments \$	C Proposed Results (A + B = C) \$
668	Water Resource Conservation Expense	0		0
670	Bad Debt Request	882		882
671	Cross Connection Program Expense	0		0
672	System Capacity Development Expense	0		0
673	Training and Certification Expense	3,028		3,028
674	Consumer Confidence Report	0		0
675	Miscellaneous Expense (Itemize on Separate Schedule)	0		0
401	TOTAL OPERATING EXPENSES	751,671	139,241	890,912
403	Depreciation Expense	98,611	8,256	106,866
406	Amortization of Utility Plant Acquisition Expense	0		
407	Amortization Expense (Marginal Cost of Service Study)			0
408	Taxes Other Than Income	33,153		33,153
409.11	Oregon Income Tax	8,672	10,374	19,046
409.10	Federal Income Tax	21,657	25,907	47,564
409.13	Extraordinary Items Income Tax	0		
434	TOTAL OTHER REVENUE DEDUCTIONS	162,093	44,536	206,629
				0
	TOTAL REVENUE DEDUCTIONS	913,764	183,777	1,097,541
				0

UTILITY PLANT				
	Total Utility Plant	2,582,232.84	111,837	2,694,070
	Accumulated Depreciation of Utility Plant in Service	(1,417,624)	(14,750)	(1,432,374)
	Accumulated Amortization of Utility Plant in Service			0
	Advances for Construction			0
				0
				0
	Plant Materials & Supplies Inventory			0
	Working Cash (1/12 total operating expenses)	62,639	11,603	74,243
	TOTAL	1,227,248	108,690	1,335,938

Construction Work in Progress

403	Depreciation Expense	0	45,154	45,154
406	Amortization of Utility Plant Acquisition Expense			
407	Amortization Expense			0
408	Taxes Other Than Income			0
409.11	Oregon Income Tax			0
409.10	Federal Income Tax			0
409.13	Extraordinary Items Income Tax			
434	TOTAL OTHER REVENUE DEDUCTIONS	0	45,154	45,154
	TOTAL REVENUE DEDUCTIONS	0	45,154	45,154

UTILITY PLANT				
	Total Utility Plant		1,404,500	1,404,500
	Accumulated Depreciation of Utility Plant in Service		(45,154)	(45,154)
	Accumulated Amortization of Utility Plant in Service			0
	Advances for Construction			0
	Utility Plant Subtraction			0
	Add in the Following:			0
	Plant Materials & Supplies Inventory			0
	Working Cash (1/12 total operating expenses)			0
	TOTAL		1,359,346	1,359,346

Note: Depreciation and accumulated depreciation based on 2006 for current assets and 2007 for CWIP. At this time CWIP are assumed to be placed in service January 1, 2007.

29. Q PLEASE ITEMIZE THE SEPARATE COMPONENTS OF MISCELLANEOUS EXPENSE, ACCOUNT 675, IN QUESTION 30.

A. The following is an itemized list of all miscellaneous expenses:

DESCRIPTION OF EXPENSES	ANNUAL COST
Industry Dues and Memberships	0
Bank Charges	0
Other (Specify)	0
TOTAL	\$ 0

UTILITY CURRENT RATES AND SCHEDULES

30. Q. PLEASE DESCRIBE THE UTILITY'S CURRENT RATE STRUCTURES.

A. The utility's current rate structure is described below:

CURRENT RATES FOR RESIDENTIAL SERVICE

Line or Meter Size	Check One	Current Residential Monthly Base or Flat Rate	Residential Consumption Included in Base Rate		Current Residential Monthly Commodity/Usage Rate		
5/8x3/4"	<input checked="" type="checkbox"/> M <input type="checkbox"/> F	\$ 6.45	0	<input type="checkbox"/> CF <input checked="" type="checkbox"/> Gal	Tier 1 - \$ 0.88 Per 1,000g Tier 2 - \$ Per Tier 3 - \$ Per	Up to: no limit Up to: Above:	
Flat rate	<input checked="" type="checkbox"/> M <input type="checkbox"/> F	\$12.45	unlimited	<input type="checkbox"/> CF <input checked="" type="checkbox"/> Gal	Tier 1 - \$ N/A Per Tier 2 - \$ Per Tier 3 - \$ Per	Up to: no limit Up to: Above:	
1"	<input checked="" type="checkbox"/> M <input type="checkbox"/> F	\$16.13	0	<input type="checkbox"/> CF <input checked="" type="checkbox"/> Gal	Tier 1 - \$ 0.88 Per 1,000g Tier 2 - \$ Per Tier 3 - \$ Per	Up to: no limit Up to: Above:	

1 1/2"	<input checked="" type="checkbox"/> M <input type="checkbox"/> F	\$32.26	0	<input type="checkbox"/> CF <input checked="" type="checkbox"/> Gal	Tier 1 - \$ 0.88 Tier 2 - \$ Tier 3 - \$	Per 1,000g Per Per	Up to: no limit Up to: Above:
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CURRENT RATES FOR COMMERCIAL SERVICE

Line or Meter Size	Check One	Current Commercial Monthly Base or Flat Rate	Commercial Consumption Included in Base Rate	Current Commercial Monthly Commodity/Usage Rate			
5/8x3/4"	<input checked="" type="checkbox"/> M <input type="checkbox"/> F	\$6.45	0	<input type="checkbox"/> CF <input checked="" type="checkbox"/> Gal	Tier 1 - \$ 0.88 Tier 2 - \$ Tier 3 - \$	Per 1,000g Per Per	Up to: no limit Up to: Above:
1"	<input checked="" type="checkbox"/> M <input type="checkbox"/> F	\$16.13	0	<input type="checkbox"/> CF <input checked="" type="checkbox"/> Gal	Tier 1 - \$ 0.88 Tier 2 - \$ Tier 3 - \$	Per 1,000g Per Per	Up to: no limit Up to: Above:
1 1/2"	<input checked="" type="checkbox"/> M <input type="checkbox"/> F	\$32.26	0	<input type="checkbox"/> CF <input checked="" type="checkbox"/> Gal	Tier 1 - \$ 0.88 Tier 2 - \$ Tier 3 - \$	Per 1,000g Per Per	Up to: no limit Up to: Above:
2"	<input checked="" type="checkbox"/> M <input type="checkbox"/> F	\$51.62	0	<input type="checkbox"/> CF <input checked="" type="checkbox"/> Gal	Tier 1 - \$ 0.88 Tier 2 - \$ Tier 3 - \$	Per 1,000g Per Per	Up to: no limit Up to: Above:
3"	<input checked="" type="checkbox"/> M <input type="checkbox"/> F	\$106.47	0	<input type="checkbox"/> CF <input checked="" type="checkbox"/> Gal	Tier 1 - \$ 0.88 Tier 2 - \$ Tier 3 - \$	Per 1,000g Per Per	Up to: no limit Up to: Above:
4"	<input checked="" type="checkbox"/> M <input type="checkbox"/> F	\$161.32	0	<input type="checkbox"/> CF <input checked="" type="checkbox"/> Gal	Tier 1 - \$ 0.88 Tier 2 - \$ Tier 3 - \$	Per 1,000g Per Per	Up to: no limit Up to: Above:
6"	<input checked="" type="checkbox"/> M <input type="checkbox"/> F	\$322.64	0	<input type="checkbox"/> CF <input checked="" type="checkbox"/> Gal	Tier 1 - \$ 0.88 Tier 2 - \$ Tier 3 - \$	Per 1,000g Per Per	Up to: no limit Up to: Above:

CURRENT RATES FOR IRRIGATION SERVICE

Line or Meter Size	Check One	Irrigation <u>Current</u> Monthly Base or Flat Rate	Irrigation Consumption Included in Base Rate	Current Irrigation Monthly Commodity/Usage Rate	
3/4"	<input checked="" type="checkbox"/> M <input type="checkbox"/> F	\$6.35	0	<input type="checkbox"/> CF <input checked="" type="checkbox"/> Gal	\$ 0.42 Per 1,000g
1"	<input checked="" type="checkbox"/> M <input type="checkbox"/> F	\$15.88	0	<input type="checkbox"/> CF <input checked="" type="checkbox"/> Gal	\$ 0.42 Per 1,000g
1 1/2"	<input checked="" type="checkbox"/> M <input type="checkbox"/> F	\$ 31.76	0	<input type="checkbox"/> CF <input checked="" type="checkbox"/> Gal	\$ 0.42 Per 1,000g
2"	<input checked="" type="checkbox"/> M <input type="checkbox"/> F	\$50.81	0	<input type="checkbox"/> CF <input checked="" type="checkbox"/> Gal	\$ 0.42 Per 1,000g
3"	<input checked="" type="checkbox"/> M <input type="checkbox"/> F	\$ 104.81	0	<input type="checkbox"/> CF <input checked="" type="checkbox"/> Gal	\$ 0.42 Per 1,000g

CURRENT RATE FOR FIRE PROTECTION OR HYDRANT SERVICE

Type of Service	# of Customers	Monthly Rate
Public Fire Protection	422	\$15.90
Private Fire Protection	20	\$ varies by meter size
Hydrant Maintenance		\$

CURRENT RATE(S) FOR SPECIAL CONTRACT

State who the contract is with and explain the monthly charge(s) for each special contract.

Special Contract Company/Person	Monthly Rate
N/A	

CURRENT RATE FOR OTHER SERVICE NOT COVERED ABOVE

State what the service is and explain the monthly charge(s).

Specify Service	Check One	Current Charges
Golf Course Irrigation Metered Rates: 3" meter size	<input checked="" type="checkbox"/> M <input type="checkbox"/> F	\$995.59 monthly base rate plus \$0.50 per 1,000 gal.

31. Q. PLEASE PROVIDE THE FOLLOWING INFORMATION FOR EACH CUSTOMER CLASS FOR THE MOST RECENT COMPLETED CALENDAR YEAR OF 2005.

A.

Customer Class	# of Customers Beginning of Year	# of Customers End of Year	Total Annual Revenues	Total Annual Consumption	Cubic Feet or Gal
Residential	3,795	3,844	\$ 548,939.74	265,746,815	<input type="checkbox"/> CF <input checked="" type="checkbox"/> Gal
Commercial/Industrial	108	114	\$ 93,343.65	60,982,767	<input type="checkbox"/> CF <input checked="" type="checkbox"/> Gal
Multiple Dwellings	263	263	\$ 31,630.92	12,812,131	<input type="checkbox"/> CF <input checked="" type="checkbox"/> Gal
Irrigation	125	128	\$ 71,241.63	168,893,770	<input type="checkbox"/> CF <input checked="" type="checkbox"/> Gal
Golf Course Irrigation	3	3	\$ 49,625.59	67,441,925	<input type="checkbox"/> CF <input checked="" type="checkbox"/> Gal
Fire Protection	438	442	\$ 81,892.25	0	<input type="checkbox"/> CF <input checked="" type="checkbox"/> Gal
Flat Rate	40	40	\$ 5,571.99	1,252,000	<input type="checkbox"/> CF <input checked="" type="checkbox"/> Gal
TOTAL	4,772	4,834	\$ 882,245.77*	577,129,408**	<input type="checkbox"/> CF <input checked="" type="checkbox"/> Gal

* These revenues are derived from the utility billing system (the sum of all billings to customers) while revenues shown in answer to question 26 are from the Company's accounting system (payments actually made by customers). The accounting system recorded \$1,565 more in revenues than the billing system. The difference is largely explained by the approximately 140 customers that pay by credit cards and who are charged a small fee (approximately 2% of the bill) to pay by credit card.

** Meters are read monthly when not covered by snow. March 2005 was the first month in 2005 that all of the water meters were free of snow and read. Some customer meters had not been read since November 2004, but there is no reliable method of backing out the 1 to 2 months of extra usage contained in these annual data. Some data extends over a 13 to 14 month period.

UTILITY PROPOSED RATES AND SCHEDULES

32. Q. PLEASE DESCRIBE THE RATE STRUCTURE THE UTILITY IS PROPOSING IN THIS RATE PROCEEDING?

A. The utility is proposing the following rate structure:

PROPOSED RATES FOR RESIDENTIAL SERVICE

Line or Meter Size	Check One	Proposed Monthly Base or Flat Rate	Consumption Included in Base Rate	Proposed Monthly Commodity/Usage Rate			
5/8 x 3/4"	<input checked="" type="checkbox"/> M <input type="checkbox"/> F	\$11.80	0	<input type="checkbox"/> CF <input checked="" type="checkbox"/> Gal	Tier 1 - \$1.18 Tier 2 - \$ Tier 3 - \$	Per 1,000 gallons Per Per	Up to: no limit From: Above:
1"	<input checked="" type="checkbox"/> M <input type="checkbox"/> F	\$29.50	0	<input type="checkbox"/> CF <input checked="" type="checkbox"/> Gal	Tier 1 - \$1.18 Tier 2 - \$ Tier 3 - \$	Per 1,000 gallons Per Per	Up to: no limit From: Above:
Other Fixed Rate	<input checked="" type="checkbox"/> M <input type="checkbox"/> F	\$15.27	Unlimited	<input type="checkbox"/> CF <input checked="" type="checkbox"/> Gal	Tier 1 - N/A Tier 2 - \$ Tier 3 - \$	Per 1,000 gallons Per Per	Up to: no limit From: Above:

PROPOSED RATES FOR COMMERCIAL SERVICE

Line or Meter Size	Check One	Proposed Monthly Base or Flat Rate	Consumption Included in Base Rate	Proposed Monthly Commodity/Usage Rate			
5/8 x 3/4"	<input checked="" type="checkbox"/> M <input type="checkbox"/> F	\$11.80	0	<input type="checkbox"/> CF <input checked="" type="checkbox"/> Gal	Tier 1 - \$1.18 Tier 2 - \$ Tier 3 - \$	Per 1,000 gallons Per Per	Up to: no limit From: Above:
1"	<input checked="" type="checkbox"/> M <input type="checkbox"/> F	\$29.50	0	<input type="checkbox"/> CF <input checked="" type="checkbox"/> Gal	Tier 1 - \$1.18 Tier 2 - \$ Tier 3 - \$	Per 1,000 gallons Per Per	Up to: no limit From: Above:
1 1/2"	<input checked="" type="checkbox"/> M <input type="checkbox"/> F	\$58.99	0	<input type="checkbox"/> CF <input checked="" type="checkbox"/> Gal	Tier 1 - \$1.18 Tier 2 - \$ Tier 3 - \$	Per 1,000 gallons Per Per	Up to: no limit From: Above:

PROPOSED RATES FOR COMMERCIAL SERVICE – CONTINUED

Line or Meter Size	Check One	Proposed Monthly Base or Flat Rate	Consumption Included in Base Rate	Proposed Monthly Commodity/Usage Rate		
2"	<input type="checkbox"/> M <input checked="" type="checkbox"/> F	\$94.38	0	<input type="checkbox"/> CF <input checked="" type="checkbox"/> Gal	Tier 1 - \$1.18 Per 1,000 gallons Tier 2 - \$ Per Tier 3 - \$ Per	Up to: no limit From: Above:
3"	<input type="checkbox"/> M <input checked="" type="checkbox"/> F	\$188.75	0	<input type="checkbox"/> CF <input checked="" type="checkbox"/> Gal	Tier 1 - \$1.18 Per 1,000 gallons Tier 2 - \$ Per Tier 3 - \$ Per	Up to: no limit From: Above:
4"	<input type="checkbox"/> M <input checked="" type="checkbox"/> F	\$294.91	0	<input type="checkbox"/> CF <input checked="" type="checkbox"/> Gal	Tier 1 - \$1.18 Per 1,000 gallons Tier 2 - \$ Per Tier 3 - \$ Per	Up to: no limit From: Above:
6"	<input type="checkbox"/> M <input checked="" type="checkbox"/> F	\$589.82	0	<input type="checkbox"/> CF <input checked="" type="checkbox"/> Gal	Tier 1 - \$1.18 Per 1,000 gallons Tier 2 - \$ Per Tier 3 - \$ Per	Up to: no limit From: Above:
8"	<input type="checkbox"/> M <input checked="" type="checkbox"/> F	\$N/A	0	<input type="checkbox"/> CF <input checked="" type="checkbox"/> Gal	Tier 1 - \$ Per Tier 2 - \$ Per Tier 3 - \$ Per	Up to: From: Above:

PROPOSED RATES FOR IRRIGATION SERVICE

Line or Meter Size	Check One	Proposed Monthly Base or Flat Rate	Consumption Included in Base Rate	Proposed Monthly Commodity/Usage Rate		
5/8 x 3/4"	<input type="checkbox"/> M <input checked="" type="checkbox"/> F	\$11.80	0	<input type="checkbox"/> CF <input checked="" type="checkbox"/> Gal	\$1.18	Per 1,000 gallons
1"	<input type="checkbox"/> M <input checked="" type="checkbox"/> F	\$29.50	0	<input type="checkbox"/> CF <input checked="" type="checkbox"/> Gal	\$1.18	Per 1,000 gallons
1 1/2"	<input type="checkbox"/> M <input checked="" type="checkbox"/> F	\$58.99	0	<input type="checkbox"/> CF <input checked="" type="checkbox"/> Gal	\$1.18	Per 1,000 gallons
2"	<input type="checkbox"/> M <input checked="" type="checkbox"/> F	\$94.38	0	<input type="checkbox"/> CF <input checked="" type="checkbox"/> Gal	\$1.18	Per 1,000 gallons
3"	<input type="checkbox"/> M <input checked="" type="checkbox"/> F	\$188.75	0	<input type="checkbox"/> CF <input checked="" type="checkbox"/> Gal	\$1.18	Per 1,000 gallons

PROPOSED RATES FOR FIRE PROTECTION OR HYDRANT SERVICE

Type of Service	# of Customers	Proposed Monthly Rate
Public Fire Protection	422	\$ 0.0 (folded into base rates)
Private Fire Protection	20	\$ varies with meter size
Hydrant Maintenance		\$

PROPOSED RATES FOR SPECIAL CONTRACTS

State who the contract is with and explain the monthly charge(s) for each special contract.

Special Contract	Proposed Monthly Rate	Proposed Annual Rate
N/A		

PROPOSED RATE FOR OTHER SERVICE NOT COVERED ABOVE

State what the service is and explain the monthly charge(s).

Specify Service	Check One	Estimated Annual Consumption	Proposed Monthly Rate	Proposed Annual Revenue	
Non-Potable Irrigation Rates: 3" meter size	<input type="checkbox"/> M <input checked="" type="checkbox"/> F	67,441,925	<input type="checkbox"/> CF <input checked="" type="checkbox"/> Gal	\$1,014.41 base plus \$0.51 Per 1000 gallons	\$ 48,597

33. Q. IF THE UTILITY'S RATE PROPOSAL WERE ADOPTED, PLEASE SHOW THE FOLLOWING INFORMATION FOR EACH CUSTOMER CLASS AT THE SPECIFIED METER OR LINE SIZE.

(Count each dwelling unit, such as each mobile home, each side of the duplex, each condominium as a customer.)

A. The utility's PROPOSED number of customers, and average customer monthly bill and consumption for each customer class annual revenues, is shown below.

Customer Class	PROPOSED Number of Customers	PROPOSED Average Monthly Bill	PROPOSED Average Monthly Consumption	PROPOSED Total Annual Revenue*
5/8 x 3/4" Residential	3018	\$19.00	6,101	\$688,074
1" Residential	125	\$49.99	17,362	\$74,981
1-1/2" Residential	2	\$164.63	89,526	\$3,951
5/8 x 3/4" Condo	645	\$14.55	2,332	\$112,631
1" Condo	54	\$33.87	3,704	\$21,948
1" Multi-Family	77	\$20.93	7,734	\$19,336
2" Multi-Family	186	\$14.79	2,538	\$33,022
Flat (per housing unit; 11 Meters, 40 Housing units)	40	\$15.27	2,943	\$7,330
5/8 x 3/4" Commercial	46	\$20.18	7,101	\$11,139
1" Commercial	32	\$60.77	26,504	\$23,337
1-1/2" Commercial	9	\$140.96	69,464	\$15,223
2" Commercial	23	\$235.60	119,677	\$65,025
3" Commercial	1	\$206.02	14,636	\$2,472
6" Commercial	3	\$767.29	150,395	\$27,622
5/8 x 3/4" Irrigation	30	\$40.13	24,006	\$8,427
1" Irrigation	11	\$103.07	62,351	\$7,937
1-1/2" Irrigation	15	\$255.89	166,864	\$26,868
2" Irrigation	49	\$345.97	213,212	\$118,668
3" Irrigation	6	\$2,058.91	1,584,884	\$86,474
3" Irrigation, Non-Potable	2	\$3,471.23	4,817,280	\$48,597
Fire	20	\$38.16	0	\$9,159
Total	4394			\$1,412,222

Over (Under) Revenue Requirement

(\$2)

Note: Total varies from forecast because the revenue in this table equals the averages multiplied by the number of billing months per year.

Consumption is measured in CF GALS:

*Totals are calculated from averages in this table and may not equal expected revenues due to rounding.

UTILITY PLANT

34. Q. HAS THE UTILITY MADE ANY CAPITAL IMPROVEMENTS, ADDITIONS, OR EXTENSIONS TO ITS WATER SYSTEM DURING THE LAST FIVE (5) YEARS OR SINCE ITS LAST RATE CASE?

- A. **No**, the utility has made no improvements, additions, or extensions to its water system in the last five (5) years.
- Yes**, the utility has made the following improvements, additions, or extensions to its water system in the last five (5) years or since its last rate case as detailed below:

Capital improvement/plant description	Date Purchased or Constructed	Cost (including labor)	In Service Date
Computer software telemetry	01/09/02	9,998.67	01/09/02
Pcs, servers, computer racks	03/14/02	3,644.97	03/14/02
Pump controllers	05/28/02	4,703.30	05/28/02
Jack hammer	06/22/02	1,360.00	06/22/02
Atmospheric monitor	09/18/02	1,867.00	09/18/02
Meters	10/31/02	7,101.89	10/31/02
Utility star platinum software	11/08/02	13,708.59	11/08/02
Computer software billing	11/29/02	3,387.00	11/29/02
Snow plow	12/19/02	12,465.00	12/19/02
Siemens hydrorangers (2)	12/23/02	3,233.00	12/23/02
Water booster PLC	12/23/02	8,498.50	12/23/02
Laptop	12/25/02	606.20	12/25/02
Work station	12/29/02	2,324.00	12/29/02
Meters	12/31/02	11,560.81	12/31/02
Schonstedt locator	02/28/03	1,708.03	02/28/03
Schonstedt locator	02/28/03	703.99	02/28/03
2003 dodge dakota, white	04/17/03	21,426.00	04/17/03
2003 dodge 1500 slt, white	05/21/03	25,719.00	05/21/03
Bobcat Port Generator 5k watt	06/30/03	1,800.00	06/30/03
Excavate/Install 12 inch Water Line	10/02/03	6,694.28	10/02/03
Meters	10/31/03	6,046.34	10/31/03
2004 dakota 4x4	03/16/04	22,463.00	03/16/04
Woodland fiber labor & mtl	06/15/04	75,988.85	06/15/04
Water booster station	06/30/04	34,602.00	06/30/04
Tree removal & clean up	08/04/04	3,245.00	08/04/04
Install 12 in pipe	08/23/04	11,000.00	08/23/04
Hp laserjet printer	08/26/04	2,986.18	08/26/04
Woodland fiber-switches & ports	09/13/04	14,751.19	09/13/04
Fences @ reservoir	10/15/04	26,680.00	10/15/04
Concrete floor	11/29/04	940.00	11/29/04
Dell precision 470 desktop	11/30/04	1,837.00	11/30/04
Pump wiring	12/14/04	5,428.81	12/14/04
Eccentric reducer & parts	12/29/04	1,848.02	12/29/04
Chlorinator	12/30/04	7,010.00	12/30/04
Kohler generator (used)	12/31/04	5,525.00	12/31/04
Meters	12/31/04	5,946.60	12/31/04
Electric pump control WH&H	01/31/05	6,743.78	01/31/05
Dodge truck 2005	04/27/05	21,402.00	04/27/05
Dodge Truck with canopy	05/19/05	24,877.00	05/19/05
International dump truck	06/30/05	36,908.70	06/30/05

Capital improvement/plant description	Date Purchased or Constructed	Cost (including labor)	In Service Date
High pressure washer	10/07/05	4,475.00	10/07/05
Meters	12/31/05	5,814.23	12/31/05
Computer equipment	3/14/2006	1,338	3/14/2006
2006 dodge dakota 4wd (replaces 99 ford ranger)	3/29/2006	22,831	3/29/2006
Pipe rack for truck	3/29/2006	2,100	3/29/2006
Backhoe	4/1/2006	61,740	4/1/2006
Skid steer	4/1/2006	22,840	4/1/2006
Computer Server Switch to Fiber (replace core switch)	5/1/2006	988	5/1/2006
Total		\$580,865.91	

35. Q. DOES THE UTILITY PROPOSE ANY CAPITAL IMPROVEMENT, ADDITIONS, OR EXTENSIONS TO ITS WATER SYSTEM WITHIN THE NEXT 12 MONTHS?

- A. **No**, the utility does not propose any improvements, additions, or extensions to system plant in the next six months.
- Yes**, the utility proposes the following improvements, additions, or extensions to system plant in the next six months.

Future Plant Description	Estimated Cost (including labor)	Est. Date In Service
Electrical service to reservoir	\$ 8,000	1/1/2007
Well #14 (Well)	1,120,000	1/1/2007
Well #14 (HVAC/Mechanical)	20,000	1/1/2007
Well #14 (generator)	60,000	1/1/2007
Fiber to Well #2	10,000	1/1/2007
Golf course well pumps and piping	65,000	1/1/2007
Software Telemetry	5,500	1/1/2007
Remote read Meters	50,000	1/1/2007
Meters & Installation	12,500	1/1/2007
Hydrants	9,500	1/1/2007
Billing System	38,000	1/1/2007
New billing system server	6,000	1/1/2007
TOTAL	\$1,404,500	

36. Q. HAS THE UTILITY APPLIED FOR FUNDS FROM THE SAFE DRINKING WATER STATE REVOLVING FUND TO IMPROVE THE WATER SYSTEM? IF YES, DESCRIBE THE IMPROVEMENTS AND AMOUNT REQUESTED.

- A. **No**, the utility has not applied for funds from the Safe Drinking Water State Revolving Fund. Sunriver Water does not meet program requirements necessary to obtain funds for its construction work in progress.
- Yes**, the utility has applied for funds from the Safe Drinking Water State Revolving Fund.

37. Q. PLEASE PROVIDE THE FOLLOWING INFORMATION ON UTILITY PLANT IN SERVICE.

YOU MAY ATTACH A PLANT/DEPRECIATION SCHEDULE IF AVAILABLE. DO NOT INCLUDE UTILITY PLANT THAT WAS DONATED OR CONTRIBUTED (CONTRIBUTIONS IN AID OF CONSTRUCTION [CIAC]) OR ANY PLANT PAID FOR BY DEVELOPERS OR CUSTOMERS THAT IS NOT INTENDED TO BE PAID BACK. DO NOT INCLUDE ANY UTILITY PLANT UNDER CONSTRUCTION OR PROPOSED CONSTRUCTION.

A. Plant/Depreciation Schedule attached as Attachment A Tables 1 and 2. Utility plant is shown below:

ACCT NO.	WATER UTILITY PLANT ACCOUNTS	IN SERVICE DATE	ORIGINAL COST \$
303	Land	Varies	18,196.61
304	Structure & Improvements	Varies	263,375.03
307	Wells & Springs	Varies	34,070.17
309	Supply Mains	Varies	2,707.80
310	Power Generation Equipment	Varies	105,194.75
311	Pumping Equipment	Varies	231,243.55
311B	Pumping Equipment	Varies	6,743.78
320	Water Treatment	Varies	7,010.00
330	Reservoirs & Standpipes	Varies	54,182.85
331	Transmission & Distribution Mains	Varies	1,021,393.85
333	Services	Varies	18,860.00
334	Meters & Meter Installation	Varies	374,028.89
335	Hydrants	Varies	20,045.74
340	Office Furniture & Equipment	Varies	3,759.02
341	Transportation Equipment	Varies	270,035.70
343	Tools, Shop & Garage Equipment	Varies	33,347.12
345	Power Operated Equipment	Varies	22,306.61
346	Communications Equipment	Varies	171,667.20
347	Miscellaneous Equipment	Varies	35,901.15
TOTAL (Excludes CIAC and CWIP)			2,694,069.82

38. Q. DOES THE UTILITY HAVE A MASTER METER AT ITS WATER SUPPLY SOURCE? IF SO, STATE THE TOTAL AMOUNT OF WATER PUMPED DURING THE LAST CALENDAR YEAR.

- A. **No**, the utility does not have a master meter at its water supply source.
- Yes**, the utility has a master meter at its water supply source. The total amount of water pumped during the last calendar year was 554,000,000* gallons or cubic feet.

* The master meters are read daily and include the period from January 1, 2005 through December 31, 2005. The billing data used in the rate model are from monthly meter readings and in winter the readings are done when the meters are not covered in snow. In 2005, the first full read of all meters occurred in March 2005 and for many customers included water usage from November and December of 2004. Therefore it appears the utility produced less water than it sold.

39. Q. DOES THE UTILITY HAVE WATER RIGHT PERMITS OR CERTIFICATED WATER RIGHTS AS REQUIRED BY THE OREGON WATER RESOURCES DEPARTMENT?

- A. Yes. See Water Right Information shown in Plant Information, Exhibit B, of this testimony.

40. Q. PLEASE DESCRIBE THE UTILITY'S SOURCE OF WATER SUPPLY.

A. The utility's source of ground water supply is 4 wells as shown in Plant Information, Exhibit B, to this testimony.

Well logs are attached (below).

Ground Water	Well Depth	Well Pump HP	Casing Diameter	Pumping Capacity	Construction Date	Hydraulically Connected to Surface Water	
Well #12	307	150	20"	2000	1994	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Well #2	266	125	12"	1700	1952	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Well #9	558	125	14"	1650	1985	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Well #14 (CWIP)	532 to 580	300	18"	2200	2006	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No

41. Q. PLEASE DESCRIBE THE UTILITY'S PUMPING SYSTEM FOR DISTRIBUTION, INCLUDING THE RANGE OF PRESSURE AT WHICH THE WATER IS PUMPED INTO THE DISTRIBUTION SYSTEM AND DELIVERED TO THE CUSTOMERS.

A. See Pumping Information shown in Plant Information, Exhibit B, of this testimony.

42. Q. DESCRIBE THE UTILITY'S WATER STORAGE CAPACITY.

A. See Storage Tank/Reservoir Information shown in Plant Information, Exhibit B, of this testimony.

43. Q. IS THE UTILITY ESTABLISHING NEW RULES OR PROPOSING CHANGES TO ITS CURRENT RULES?

A. **No**, the utility is not proposing any changes or establishing new rules.

Yes, the utility is proposing to change its existing rules or establish new rules. They are attached to this testimony as the Rules and Regulation tariffs in Exhibit A. The following is a summary of the Utility's proposed changes: Punctuation, capitalization, grammatical, spelling and other minor changes that are non-substantive in effect have been made to Rule 2, Rule 7, Rule 11, Rule 13, Rule 17, Rule 20, Rule 21 and Rule 28. In addition, the following rules have been updated so that they more accurately reflect the Commission's current regulations: Rule 5, Rule 16, Rule 22, Rule 35, Rule 37, Rule 38 and Rule 43.

A red-line version demonstrating these changes is included as Attachment Q.43.

SERVICE QUALITY

44. Q. PLEASE DESCRIBE THE TYPE AND NUMBER OF SERVICE PROBLEMS OR CUSTOMER COMPLAINTS THE UTILITY HAS EXPERIENCED IN THE LAST YEAR, INCLUDING BUT NOT LIMITED TO, OUTAGES, LOW PRESSURE, CUSTOMER SERVICE, AND WATER QUALITY. DESCRIBE WHAT ACTIONS, IF ANY, THE UTILITY HAS TAKEN TO RESOLVE THE PROBLEMS.

- A. **No**, the utility has not experienced any service problems or customer complaints in the last year.
- Yes**, the utility has experienced service problems and/or customer complaints as briefly described below and elaborated in the attached Direct Testimony of Terry Penhollow and has taken the following steps to correct or improve them:
- Drill a new well (#14) to replace well #12 with the offending color content; and
 - Create a dual water system. One system will deliver low-quality non-potable water for irrigation purpose only. The second system will deliver high-quality potable water to serve all other users, including irrigation customers that cannot be physically separated from the high-quality water delivery system.
 - Crosswater golf course is a major cause of low water pressure during periods of peak water usage in the system. Separating Crosswater from the high-quality water delivery system and isolating low-quality water from well #12 to Crosswater will address both the water quality and water pressure problems.

45. Q. DOES THE UTILITY HAVE ANY CURRENT SERVICE PROBLEMS THAT IT PROPOSES TO CORRECT OR IMPROVE IN THE NEXT CALENDAR YEAR?

- A. **No**, the utility does not have any service problems that it proposes to correct/improve during the next calendar year.
- Yes**, the utility has service problems that it proposes to correct or improve during the next calendar year as described below:
- Low water pressure at periods of peak usage in some pressure zones.
 - A greenish color appears in white spas and toilets.

46. Q. DOES THE UTILITY ROUTINELY FLUSH ITS WATER LINES?

- A. **No**, the utility does not have a regular flushing schedule.
- Yes**, the utility regularly flushes its lines in conjunction with fire hydrant testing which is performed over the fall, winter, and spring periods of low residential occupancy.

47. Q. ARE THE CUSTOMERS AWARE OF THE UTILITY ROUTINE FLUSHING SCHEDULE, DATE AND TIME?

- A. **No**, the utility has not notified the customers of its regular flushing schedule.
 Yes, the utility has informed the customers of its regular flushing schedule.

48. Q. DOES THE UTILITY HAVE ANY FIRE HYDRANTS? IF YES, PLEASE LIST HOW MANY, HOW MANY FEET APART ARE THEY, AND THE UTILITY'S HYDRANT MAINTENANCE SCHEDULE (INCLUDING EXERCISING VALVES). WHAT IS THE UTILITY'S FIRE INSURANCE RATING.

- A. **No**, the utility does not have any fire hydrants.
 Yes, the utility does have fire hydrants. There are 422 hydrants located varied feet apart.
The utility's fire insurance rating is III.

49. Q. IS THE UTILITY CURRENT IN ALL OF THE OREGON DEPARTMENT OF HUMAN SERVICES DRINKING WATER PROGRAM REQUIREMENTS, INCLUDING BUT NOT LIMITED TO, TESTING, OPERATION, CONSTRUCTION OF THE WATER SYSTEM, MASTER PLAN, CROSS CONNECTION CONTROL POLICY, AND CONSUMER CONFIDENCE REPORTS?

- A. **Yes**, the utility is current in all its requirements of the Oregon Department of Human Services.
 No, the utility is not current with the following Oregon Department of Human Services requirements:

50. Q. IF YOU HAVE FEWER THAN 200 TOTAL CUSTOMERS, PLEASE ATTACH A CURRENT AND COMPLETE CUSTOMER MAILING LIST. INCLUDE EACH CUSTOMER'S NAME AND MAILING ADDRESS.

- A. I have over 200 customers.
 I have fewer than 200 customers and have attached a customer mailing list.

51. Q. WOULD YOU LIKE TO TESTIFY REGARDING OTHER ISSUES?

- A. **No**.
 Yes, I would like to testify additionally regarding the following:
See attached testimony of Raymond J. Bartlett and Terry Penhollow.

52. Q. DOES THIS CONCLUDE YOUR TESTIMONY?

- A. Yes

**BEFORE THE PUBLIC UTILITY COMMISSION
OF THE STATE OF OREGON**

SUNRIVER WATER, LLC

EXHIBIT A

Containing Rules and Regulations Governing Water Utility Service

NAMING RATES FOR

Sunriver Water, LLC

(name of utility)

PO Box 3699

(address)

Sunriver, OR 97707

(city, state, & zip code)

(telephone numbers and type)

Serving water in the vicinity of

Sunriver, Oregon

Issue Date		Effective Date	
Issued By	(Utility Co)	<i>(at least 30 days after PUC receives filing)</i>	
Signature			
Name & Title			

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Issue Date		Effective Date	
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Name & Title			

SCHEDULE NO. 1

SINGLE-UNIT, AND INDIVIDUALLY-METERED CONDOMINIUM AND MULTI-FAMILY RESIDENTIAL METERED RATES

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

Applicable: To residential premises.

Base Rates

Service Meter Size	Current	Proposed Rate	Change	
			\$	%
5/8 x 3/4	\$6.45	\$11.80	\$5.35	83%
1	\$16.13	\$29.50	\$13.37	83%
1 1/2	\$32.26	\$58.99	\$26.73	83%
2	\$51.62	\$94.38	\$42.76	83%
3	\$106.47	\$188.75	\$82.28	77%
4	\$161.32	\$294.91	\$133.59	83%
6	\$322.64	\$589.82	\$267.18	83%

Commodity Usage Rate

Commodity Rate	Commodity Rate		Change	
	Current	Proposed	\$	%
All meter sizes (\$/1,000 gallons)	\$0.88	\$1.18	\$0.30	34%

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		Effective Date	
Issued By	(Utility Co)	<i>(at least 30 days after PUC receives filing)</i>	
Signature			
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SCHEDULE NO. 2

MULTI-UNITS PER METER CONDOMINIUM AND MULTI-FAMILY RESIDENTIAL METERED RATES

Base Rates

Service Size	Current	Proposed Rate	Change	
			\$	%
Per Dwelling Unit per Month	\$6.45	\$11.80	\$5.15	80%

Commodity Usage Rate

Commodity Rate	Current	Proposed	Change	
			\$	%
All meter sizes (\$/1,000 gallons)	\$0.88	\$1.18	\$0.30	34%

Special Provisions:

1. The Base Rate is the minimum monthly charge per dwelling unit per month.
2. 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.
3. 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		Effective Date	
Issued By	(Utility Co)	<i>(at least 30 days after PUC receives filing)</i>	
Signature			
Name & Title			

SCHEDULE NO. 3

COMMERCIAL/INDUSTRIAL METERED RATES

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

Applicable: To commercial/industrial premises.

Base Rate

Service Meter Size	Current	Proposed Rate	Change	
			\$	%
5/8 x 3/4	\$6.45	\$11.80	\$5.35	83%
1	\$16.13	\$29.50	\$13.37	83%
1 1/2	\$32.26	\$58.99	\$26.73	83%
2	\$51.62	\$94.38	\$42.76	83%
3	\$106.47	\$188.75	\$82.28	77%
4	\$161.32	\$294.91	\$133.59	83%
6	\$322.64	\$589.82	\$267.18	83%

Commodity Usage Rate

Commodity Rate	Commodity Rate		Change	
	Current	Proposed	\$	%
All meter sizes (\$/1,000 gallons)	\$0.88	\$1.18	\$0.30	34%

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		Effective Date	
Issued By	(Utility Co)	<i>(at least 30 days after PUC receives filing)</i>	
Signature			
Name & Title			

SCHEDULE NO. 4
RESIDENTIAL FLAT RATES

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

Applicable: To residential premises.

Flat Rate

Service Meter Size	Current	Proposed Rate	Change	
			\$	%
No meters	\$12.45	\$15.27	\$2.82	23%

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 when possible. Charges shall be made at the rates specific to the type of customer:
 - Schedule No. 1, Residential Metered Rates
 - Schedule No. 3, Commercial/Industrial Metered Rates

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		Effective Date	
Issued By	(Utility Co)	<i>(at least 30 days after PUC receives filing)</i>	
Signature			
Name & Title			

SCHEDULE NO. 5

IRRIGATION METERED RATES

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

Applicable: Irrigation premises not utilizing water from well #12.

Base Rate

Service Meter Size	Current	Proposed Rate	Change	
			\$	%
5/8 x 3/4	6.35	\$11.80	\$5.45	86%
1	15.88	\$29.50	\$13.62	86%
1 1/2	31.76	\$58.99	\$27.23	86%
2	50.81	\$94.38	\$43.57	86%
3	104.81	\$188.75	\$83.94	80%

Commodity Usage Rate

Commodity Rate	Current	Proposed Rate	Change	
			\$	%
All meter sizes (\$/1,000 gallons)	\$0.42	\$1.18	\$0.76	181%

Special Provisions:

1. These rates are based on continuous service for up to 7 months per year. Discontinuation of service may not be employed to avoid monthly charges for service. See Rule No. 26, Voluntary Discontinuance.

Issue Date		Effective Date	
Issued By	(Utility Co)	<i>(at least 30 days after PUC receives filing)</i>	
Signature			
Name & Title			

SCHEDULE NO. 6

NON-POTABLE IRRIGATION METERED RATES

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

Applicable: To irrigation using non-potable water from well #12.

Base Rate

Service Meter Size	Current	Proposed Rate	Change	
			\$	%
3	995.59	\$1,014.41	\$18.82	2%

Commodity Usage Rate

Commodity Rate	Current	Proposed Rate	Change	
			\$	%
All meter sizes (\$/1,000 gallons)	\$0.50	\$0.51	\$0.01	2%

Special Provisions:

1. These rates are based on continuous service for 7 months per year. Discontinuation of service may not be employed to avoid monthly charges for service. See Rule No. 26, Voluntary Discontinuance.
2. This water is restricted to use for irrigation only. It is not to be used for domestic purposes.
3. In emergencies, this water may be diverted to fight fires.

Issue Date		Effective Date	
Issued By	(Utility Co)	<i>(at least 30 days after PUC receives filing)</i>	
Signature			
Name & Title			

SCHEDULE NO. 7

FIRE PROTECTION RATES

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

Applicable: To fire protection on premises.

Base Rate

Service Meter Size	Current	Proposed Rate	Change	
			\$	%
2	\$4.00	\$9.44	\$5.44	136%
3	\$6.55	\$18.87	\$12.32	188%
4	\$10.50	\$29.49	\$18.99	181%
6	\$15.90	\$58.98	\$43.08	271%
8	\$26.45	\$94.37	\$67.92	257%

(No Commodity Rate)

Issue Date		Effective Date	
Issued By	(Utility Co)	<i>(at least 30 days after PUC receives filing)</i>	
Signature			
Name & Title			

SCHEDULE NO. 8

CROSS CONNECTION CONTROL PROGRAM AND BACKFLOW PREVENTION DEVICE SERVICES FEES

Purpose:

Sunriver Water, LLC desires to offer backflow prevention assembly services to customers who own backflow prevention assemblies.

Available:

To customers of Sunriver Water, LLC in Sunriver, Oregon, and vicinity.

Applicable:

To residential and commercial/industrial premises with backflow prevention assemblies.

Program Description:

1. Testing Services: Upon customer request, Sunriver Water LLC will provide the required annual backflow prevention assembly testing by a state certified tester pursuant to Oregon Administrative Rules 333-061-0070 through OAR 333-061-0072.
2. Maintenance and Repair Service: Sunriver Water LLC will provide maintenance and repairs on customer-owned backflow prevention assemblies. Maintenance does not include the start up, blow out, or other freeze protection of assemblies. Replacement of backflow prevention assembly is the responsibility of the customers.

Billing Rates

1. Backflow Prevention Assembly Test Fee: Backflow assembly test fee is \$40.00 per test.
2. Repair and Maintenance Fee: Repair and maintenance fee is \$40.00 per hour, plus any additional costs.

Issue Date		Effective Date	
Issued By	(Utility Co)	<i>(at least 30 days after PUC receives filing)</i>	
Signature			
Name & Title			

CROSS CONNECTION CONTROL PROGRAM AND
BACKFLOW PREVENTION DEVICE SERVICES FEES – CONTINUED

Special Provisions:

See the attached Sunriver Water, LLC Cross Connection Regulations.

Issue Date		Effective Date	
Issued By	(Utility Co)	<i>(at least 30 days after PUC receives filing)</i>	
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Name & Title			

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.

<u>Connection Charge for New Service</u> (Rule No. 9)	
Standard ¾-inch service	\$450.00
Nonstandard ¾ inch service	At cost
Larger than ¾-inch	\$450.00 (plus additional costs)
Irrigation hookup (if provided on separate system)	\$450.00
Fire Connection Fee	\$450.00 (plus additional costs)
<u>Meter Test</u> (Rule No. 21)	
First test within 12-month period	N/C
Second test within 12-month period	\$35
<u>Pressure Test</u> (Rule No. 40)	
First test within 12-month period	N/C
Second test within 12-month period	\$35
<u>Late-Payment Charge</u> (Rule No. 22)	
Charged on amounts more than 30 days past due	Pursuant to OAR 860-036-0130 (as of 1/1/06 – 1.7%)
<u>Deposit for Service</u> (Rule No. 5)	
Pursuant to OAR 860-036-0040(2)	Pursuant to OAR 860-036-0050 (as of 1/1/06 – 4%)
<u>Returned-Check Charge</u> (Rule No. 23)	\$25
<u>Trouble-Call Charge</u> (Rule No. 36)	
During normal office hours	\$30
After normal office hours on special request	\$40
<u>Disconnection/Reconnect Charge</u> (Rule No. 28 & 29)	
During normal office hours	\$30
After normal office hours on special request	\$40
<u>Unauthorized Restoration of Service</u> (Rule No. 30)	Reconnection charge plus costs
<u>Damage/Tampering Charge</u> (Rule No. 34)	At cost
<u>Disconnect-Visit Charge</u> (Rule No. 29)	\$30

Issue Date		Effective Date	
Issued By	(Utility Co)	<i>(at least 30 days after PUC receives filing)</i>	
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Name & Title			

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 Sunriver Water, LLC.
- 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 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.

Issue Date		Effective Date	
Issued By	(Utility Co)	<i>(at least 30 days after PUC receives filing)</i>	
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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.

Issue Date		Effective Date	
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Name & Title			

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.

Issue Date		Effective Date	
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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.

Rule 10: 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 11: Main Line Advances and Refunds Policy

Each new customer requesting a main line extension shall advance the utility the cost-base amount necessary to extend the main line to provide service.

For a period of 5 years after construction of the requested main line extension, the utility shall also collect from any additional applicants whose service connections or service lines shall connect to said main line extension an amount per foot equal to the new applicant's proportionate share of the main line extension cost for that portion used. The utility will then refund the share differential amount to those customers who previously shared the cost of said main line extension. Refunds shall not exceed the amount originally advanced.

No part of the distribution system installed prior to the request for a main line extension shall be used to calculate any customer advance or refund.

Rule 12: 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 13: Multiple Residences

An apartment building, mobile home park, motel, trailer camp, 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.

Issue Date		Effective Date	
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Rule 14: 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 15: 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 16: 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
- 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 17: 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.

Issue Date		Effective Date	
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Name & Title			

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 18: 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 19: 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.

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))

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Rule 20: 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 21: 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.

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.

Issue Date		Effective Date	
Issued By	(Utility Co)	<i>(at least 30 days after PUC receives filing)</i>	
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BILLING

Rule 22: Billing Information/Late-Payment Charge (OAR 860-036-0120, OAR 860-036-0125 and OAR 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.

Rule 23: 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.

Issue Date		Effective Date	
Issued By	(Utility Co)	<i>(at least 30 days after PUC receives filing)</i>	
Signature			
Name & Title			

Rule 24: 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 25: Adjustment of Bills (860-036-0135)

When an underbilling 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 underbilling 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 underbilling, 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.

DISCONNECTION OF WATER SERVICE

Rule 26: 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 27: 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

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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 28: 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)

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.

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Rule 29: 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 30: 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 31: 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 32: 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.

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 33: 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

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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 34: 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 35: 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 36: 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 37: Water Purity (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.

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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 38: 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 39: 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 40: 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 bibb or other reasonable point likely to best reflect the actual service pressure.

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Rule 41: 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 42: 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 43: Cross Connection/Backflow Prevention Program

See attached Sunriver Water LLC Cross Connection Regulations.

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Signature			
Name & Title			

SUNRIVER WATER LLC CROSS CONNECTION REGULATIONS

Pursuant to chapter 333, division 61 of the Oregon Administrative Rules, it is the responsibility of Sunriver Water LLC to protect its drinking water by instituting and enforcing a cross connection program. Therefore, the following regulations are hereby adopted:

Contents:

1. Definition
2. Purpose
3. Cross Connections Regulated
4. Backflow Prevention Device Requirements
5. Installation Requirements & Instructions Irrigation
6. Installation Requirements & Instructions Commercial
7. Installation Requirements & Instructions Sprinklers
8. Installation Requirements & Instructions Hot Tubs
9. Access to Premises
10. Annual Testing & Repair
11. Variances
12. Cost of Compliance
13. Termination of Services
14. Constitutionality and Saving Clause
15. Effective Date

1 Definitions

1. A “Cross Connection” means any physical arrangement where a public water system is connected, directly or indirectly, with any other non-drinkable water system or auxiliary system, sewer, drain conduit, swimming pool, storage reservoir, plumbing fixtures, irrigation systems, hot tubs, solar systems, fire sprinkler system or other liquid of unknown or unsafe quality which may be capable of imparting contamination to the public water system as a result of backflow. Bypass arrangements, jumper connections, removable sections, swivel or change over devices, or other temporary or permanent devices through which, or because of which backflow may occur are considered to be cross connections.

- 1. B “Backflow” means the flow in the direction opposite to the normal flow or the introduction of any foreign liquids, gases, or substances into the water system of Sunriver Water LLC
- 1. C “Auxiliary Supply” means any water source or system other than the public water system, that may be available in the building or on the premises.
- 1. D “Approved Backflow Prevention Device” means a device to counteract backpressure or prevent siphonage. This device must appear in the list of approved devices issued by the Oregon State Health Division.
- 1. E “Reduced Pressure Principle Device” (RPBD) shall mean an assembly containing two independently acting approved check valves together with a hydraulically-operated mechanically independent pressure differential relief valve located between the check valves and at the same time below the first check valve. The device shall include properly located test cocks and tightly closing shut-off valves at the end of the assembly. A check valve is approved if it appears on the list of approved devices issued by the Oregon State Health Division.
- 1. F “Premises” means any piece of land to which water is provided including all structures, improvements, and additions.

2 Purpose

The purpose of these regulations is to protect the water supply of Sunriver Water LLC from contamination or pollution due to any existing or potential cross connection.

3 Cross Connections Regulated

No cross connections shall be created, installed, used, or maintained within the territory served by Sunriver Water LLC except in accordance with these regulations.

4 Backflow Prevention Device Requirement

Approved backflow prevention devices shall be installed at the expense of the user, either at the service connection or within the premises, as determined by a certified cross connection inspector employed by Sunriver Water LLC in each of the following Circumstances:

- 4. A When the nature and extent of any activity of the premises, or the materials used in connection with any activity of the premises , or materials stored on the premises, could contaminate or pollute the drinking water supply.

- 4. B When premises has one or more cross connections as that term is defined in section 1. A paragraph 2.
- 4. C When internal cross connections are not correctable, or intricate plumbing arrangements have been made it impractical to ascertain whether or not cross connection exists.
- 4. D When there is a repeated history of cross connections being established or re-established.
- 4. E When there is unduly restricted entry so that inspections for cross connections cannot be made with sufficient frequency or with sufficient notice to assure that cross connections do not exist.
- 4. F When materials of a toxic or hazardous nature are being used such that, if back siphonage should occur, a health hazard could result.
- 4. G When there is any mobile apparatus which uses Sunriver Water LLC system or water from any premises within the system.
- 4. H When there is a premise where installation of an approved backflow prevention device is deemed to be necessary to accomplish the purpose of these regulations in the judgement of a certified cross connection specialist employed by Sunriver Water LLC
- 4. I When an appropriate cross connection report form has not been filed with the office of Sunriver Water LLC for the particular premise.

5 Installation Requirements Irrigation

To ensure proper operation and accessibility of all backflow prevention devices, the following requirements shall apply to the installation of these devices.

Sunriver Water LLC Irrigation Backflow Installation Requirements

- 5. A Prior to the installation of ANY TYPE of irrigation system on property served by Sunriver Water LLC a set of plans, prints, drawings, or diagram of the system must be submitted to Sunriver Water LLC

The plans shall include location of system (street and lot number), owners name and address, layout of system, size and description of backflow device. This irrigation plan will be reviewed and kept on file at Sunriver Water LLC

Within ten (10) working days Sunriver Water LLC will return to the submitter initialed plan approval or required changes, and a copy of Sunriver Water LLC backflow device installation requirements.

Sunriver Water LLC requires that the minimum backflow prevention on an irrigation system will be the installation of an approved Double Check Valve Assembly.

5. B The following are Sunriver Water LLC requirements for the installation and approval of a Double Check Valve Assembly on all irrigation systems:
1. In order for a backflow prevention device to be approved by Sunriver Water LLC, we have depended upon the Foundation for Cross Connection Control and Hydraulic Research at the University of California to provide us with a list of devices that has passed its stringent test procedure.
 2. All devices installed after September 1, 1986, must be State of Oregon approved and have resilient seated gate valves or fully ported ball valves. These valves are to be an integral part of the device assembly as sold by the local distributor. Lists of approved devices are available at Sunriver Water LLC office.

5. C DOUBLE CHECK VALVE ASSEMBLY (DCVA)- INSTALLATION

1. The DCVA shall be installed with adequate space to facilitate maintenance and testing. It shall be inspected and tested after installation to insure its satisfactory operation and proper installation. The DCVA must be tested by a certified state tester, at time of installation.
2. Care must be used to insure that the DCVA is not installed where the pressure will be maintained above the device's rated and labeled capacity.
3. Pit or below grade installation of a DCVA must have a 6" gravel bed for pit drainage and pipe plug must be installed in test cock tapings to lessen the danger of cross connects if the device becomes submerged.
4. The DCVA must be protected from freezing but must facilitate testing and maintenance. There shall be no connections installed between DCVA and source of supply for the purpose of draining.
5. Thoroughly flush the lines prior to installation of the DCVA.
6. Owner or representative must call for an inspection by Sunriver Water LLC. Backflow device installation service line and all premise plumbing to the DCVA must be exposed on visual inspection.
7. Water service will not be turned on until final approval is granted, following the acceptance of the DCVA installation and receipt of certified test results.

5. D Prior to backfill, this installation must be inspected between the DCVA and the source of supply by Sunriver Water LLC. Inspection will be made by Sunriver Water LLC within two (2) working days of notice to inspect.

IMPORTANT: Failure to notify Sunriver Water LLC prior to backfill will result in re-excavation of the device and point of connection to facilitate inspection.

5. E Final approval shall be granted following the acceptance of the installation and receipt of certified tester results.

5. F All devices must be tested annually at the beginning of the irrigation season.

NOTE: The installation of a backflow prevention device on the water service line will eliminate the thermal expansion of hot water into distribution system. Therefore, Sunriver Water LLC hereby notifies the water user that it is the water users responsibility to maintain temperature pressure relief valves within the premise plumbing.

6 INSTALLATION REQUIREMENTS COMMERCIAL SERVICES

Sunriver Water LLC

Commercial Backflow Installation Requirements

6. A Prior to installation of any commercial water service (any service other than residential) in Sunriver Water LLC service area, a set of plans, prints, drawings, or diagrams of the system must be submitted to Sunriver Water LLC.

The plans shall include location of buildings, irrigation systems and landscaping, street address, owners name and mailing address, plumbing and mechanical plans, size of service line and description of intended use of property. This plan will be reviewed and kept in file at Sunriver Water LLC.

Within ten (10) working days Sunriver Water LLC will return to the submitter initial plans approved. The approval notice will include type of backflow device required (minimum requirement double check valve assembly) a copy of Sunriver Water LLC backflow device installation requirements and a list of local state certified backflow device testers.

6. B The following are Sunriver Water LLC requirements for the installation and approval of Double Check Valve

Assembly in all commercial services:

B.1 All devices installed after September 1, 1986 must be State of Oregon approved and have resilient seated gate valves or fully ported ball valves. These valves are to be an integral part of the device assembly as sold by the local distributor. Lists of approved devices are available at Sunriver Water LLC.

B.2 DOUBLE CHECK VALVE ASSEMBLY (DCVA) - INSTALLATION

The DCVA shall be installed with adequate space to facilitate maintenance and testing. It shall be inspected and tested after installation to insure its satisfactory operation and proper installation. The DCVA must be tested by a certified state tester, at the time of installation.

Care must be used to insure that the DCVA is not installed where the pressure will be maintained above the devices rated and labeled capacity.

Pit or below grade installations of a DCVA must have a 6" gravel bed for pit drainage and pipe plugs must be installed in test cock tapings to lessen the danger of cross connects if the device becomes submerged.

The DCVA must be protected from freezing but must facilitate testing and maintenance. There shall be no connections installed between DCVA and source of supply for the purpose of draining.

Thoroughly flush the lines prior to installation if the DCVA.

Owner or representative must call for an inspection by Sunriver Water LLC. Backflow devices installation service line and all premise plumbing to the DCVA must be exposed in visual inspection.

Water service will not be turned on until final approval is granted, following the acceptance of the DCVA installation and receipt of certified test results.

All devices must be tested annually by a state certified backflow device tester and a completed test report submitted to Sunriver Water LLC.

NOTE: The installation of a backflow prevention device on the water service line will eliminate the thermal expansion of hot water into distribution system. Therefore, Sunriver Water LLC hereby notifies the water user that it is the water users responsibility to maintain temperature pressure relief valves within the premise plumbing.

7 INSTALLATION REQUIREMENTS FIRE SPRINKLERS

Sunriver Water LLC Fire Sprinkler Systems Backflow Prevention Requirements

7. A Pursuant to chapter 333-61-070 (6) (b) of the Oregon State Health Division Administrative Rules an approved Double Check Valve Assembly (DCVA) shall be the minimum backflow protection for fire sprinkler systems.
7. B Installation requirements for DCVA's on fire sprinkler systems are as follows:
- B.1 DCVA's may be installed vertically as well as horizontally provided that the device assembly:
- Is internally spring loaded – not weighted checks.
 - Is 4 inches or smaller.
 - Is recommended by the manufacturer for vertical installation.
 - Has the normal flow upward.
- B.2 DCVA's may be installed below grade in a vault provided plugs are installed in the test cocks. Maximum height of installation shall not exceed 5 feet for device assemblies larger than 2 inches unless there is a permanently installed plat form meeting Occupations Safety and Health (OSHA) standards to facilitate servicing the device.
- B.3 Clearances for device assemblies 2 inches or smaller must provide that they are accessible for testing and repairing. Adequate drainage must be provided except that drains shall not be connected to a sanitary or storm water drain.
7. C When intricate plumbing arrangements exist that make it impractical to ascertain water usage or consumption, Sunriver Water LLC may require that installation of an approved Double Detector Check Valve Assembly.
7. D Prior to established water service to the fire sprinkler system, Sunriver Water LLC must inspect and approve the device installation.
7. E Prior to established water service to the fire sprinkler system the backflow prevention device must be tested by a certified tester and a test report form filed at the Sunriver Water LLC office.
7. F All backflow prevention devices installed on fire sprinkler systems must be tested annually by a certified tester. A complete test report form must be submitted to Sunriver Water LLC.

- 7. G Fire sprinkler systems that incorporate an anti-freeze loop containing any type of chemicals shall have an approved reduced pressure principle backflow device (RPBD) installed in the anti-freeze loop.
- 7. H Installation requirements for RPBD's on hot tubs are as follows:
 - H. 1 RPBD's shall always be installed horizontally, never vertically.
 - H. 2 RPBD's shall always be installed above the 100 yr (1%) flood level.
 - H. 3 Relief valves shall never be extended or plugged.
 - H. 4 Protection from freezing shall be provided.
 - H. 5 A provision for an air gapped drain shall be provided.
 - H. 6 RPBD's shall not be installed in an enclosed vault or box unless a bore-sighted drain to daylight is provided.

8 INSTALLATION REQUIREMENTS HOT TUBS

Sunriver Water LLC Hot Tub Backflow Prevention Requirements

- 8. A Pursuant to chapter 333-61-070 of the Oregon State Health Division Administrative Rules Sunriver Water LLC requires that the minimum backflow protection for any service connection that has a hot tub or spa will be an approved Double Check Valve Assembly (DCVA).
- 8. B The backflow prevention device shall be installed at the expense of the user either at the service connection or within the premises by a certified connection inspector employed by Sunriver Water LLC.
- 8. C The DCVA shall be installed with adequate space to facilitate maintenance and testing. It shall be inspected and tested after installation to insure its satisfactory operation and proper installation. The DCVA must be tested by a certified tester.
 - C.1 The DCVA shall be installed with adequate space to facilitate maintenance and testing. It shall be inspected and tested after installation to insure its satisfactory operation and proper installation. The DCVA must be tested by a certified tester.
 - C.2 Care must be used to insure that the DCVA is not installed where the pressure will be maintained above the devices rated and labeled capacity.
 - C.3 Pit or below grade installations of a DCVA must have a 6" gravel bed for pit drainage and pipe plugs must be installed in test cock tappings to lessen the danger of cross connects if the device becomes submerged.

- C.4 The DCVA must be protected from freezing, but must facilitate testing and maintenance. There shall be no connections installed between DCVA and source of supply for purpose of draining.
- C.5 Thoroughly flush the lines prior to installation of the DCVA.
- C.6 Owner or representative must call for an inspection by Sunriver Environmental LLC/Sunriver Water LLC. Backflow device installation service line and all premise plumbing to the DCVA must be exposed on visual inspection.
- C.7 Water service will not be turned in until final approval is granted, following the acceptance of the DCVA installation and receipt of certified test results.
- C.8 All devices must be tested annually by a state certified backflow device tester and a completed test report submitted to Sunriver Environmental LLC/Sunriver Water LLC.

NOTE: The installation of a backflow prevention device on the water service line will eliminate the thermal expansion of hot water into distribution system. Therefore, Sunriver Water LLC hereby notifies the water user that it is the water users responsibility to maintain temperature pressure relief valves within the premise plumbing.

9 ACCESS TO PREMISE

Authorized employees of Sunriver Water LLC, with proper identification, shall have access during reasonable hours to all parts of premise and within the building to which water is supplied. However, if any water user refuses access to a premise or to the interior of a structure at reasonable times and on reasonable notice for inspection by a cross connection specialist appointed by Sunriver Environmental LLC/Sunriver Water LLC, a reduced pressure principle device will be required to be installed at the service connection to that premise or service must be discontinued.

10 ANNUAL TESTING AND REPAIRS

All backflow devices installed within the territory served by Sunriver Environmental LLC/Sunriver Water LLC shall be tested immediately upon installation and annually thereafter by a state certified tester. All such devices found not functioning properly shall be promptly repaired or replaced by the water user. If any such device is not promptly repaired or replaced Sunriver Water LLC may deny or discontinue water to the premise. All testing and repairs are the financial responsibility of the water user.

11 VARIANCES

Any variances from these requirements shall be requested in writing by the owner and approved by Sunriver Water LLC prior to device installation.

12 COST OF COMPLIANCE

All cost associated with purchase, installation, inspections, testing, replacement, maintenance, parts, and repairs of the backflow device are the responsibility of the water user.

13 TERMINATION OF SERVICE

Failure on the part of any customer to discontinue the use of all cross connections and to physically separate cross connections is sufficient cause for immediate discontinuance of public water service to the premise. (OAR chapter 333-061-070, section 1)

14 CONSTITUTIONALITY AND SAVING CLAUSE

That if any provision, section, sentence, clause or phrase of this ordinance or the application of same to any person or set of circumstances are for any reason held to be unconstitutional, void, invalid or for any reason unenforceable, the validity of the remaining portions of this ordinance or its application to other persons or circumstances shall not be affected thereby it being the intent of Sunriver Environmental LLC/Sunriver Water LLC that in adopting and approving this resolution that no portion hereof or provision or regulation contained herein shall become inoperative or fail by reason of any unconstitutionality or invalidity of any other portion, provision, or regulation.

15 EFFECTIVE DATE

These regulations shall be effective as of _____.

Signature

Title

**BEFORE THE PUBLIC UTILITY COMMISSION
OF THE STATE OF OREGON**

SUNRIVER WATER, LLC

EXHIBIT B

SUPPLEMENTAL PLANT INFORMATION

SOURCE OF SUPPLY OTHER THAN WELLS

IDENTIFY EACH SEPARATELY

	SOURCE	SOURCE	SOURCE	SOURCE	SOURCE
Name or Identifying No.	N/A				
Type of Source					
Treatment Type					
Number of Intakes					
Fish Screening Devices					
Water Right Permit or Certification Number					
Water Yield of Source Report Gallons Per Day (GPD)					

WELLS & WELL PUMPS

IDENTIFY EACH SEPARATELY

	WELL No. 1	WELL No. 2	WELL No. 3	WELL No. 4	WELL No. 5	WELL No. 6
Well Name or Identifying No.	12	2	9	14		
Year Constructed	1994	1952	1985	2006		
Water Right Permit or Certification Number	G13249	G3810	G13249	--		
Hydraulically Connected to Surface Water (Yes or No)	No	No	No	No		
Well Depth	307'	266'	558'	Est. 550'		
Well Diameter	20"	12"	14"	18"		
Pumping Capacity – GPM	2000	1700	1650	2200		
Pump Motor – HP	150	125	125	300		
Yields of well in GPD	1665 GPM	1525 GPM	1575 GPM	--		
Auxiliary power	No	Yes	Yes	Yes		
Well construction	Drilled	Drilled	Drilled	Drilled		
Casing	Steel	Steel	Steel	Steel		

Pump Type & Pump HP	Average Daily Demand	Annual Peak Demand	Maximum Pumping Capacity	Range of Pressure at Pump	Range of Pressure at Customers' Property
Furgusson Pump 15HP VSD				35-55	60 to 120
Furgusson Pump 15HP VSD				35-55	60 to 120
Furgusson Pump 30HP				35-55	60 to 120
Peerless Pump				35-55	60 to 120
Peerless Pump				35-55	60 to 120
Peerless Pump				35-55	60 to 120
Peerless Pump				35-55	60 to 120
Peerless Pump				35-55	60 to 120

STORAGE TANKS/RESERVOIRS

IDENTIFY EACH SEPARATELY

NAME OR IDENTIFYING NUMBER	DESCRIPTION I.E.: STEEL, CONCRETE PNEUMATIC	TANK CAPACITY	GROUND OR ELEVATED	DATE INSTALLED	PRESENT CONDITION
1	Steel	500,000 gallons	4,280	1969	Good
2	Steel	500,000 gallons	4,280	1971	Good
3	Steel	1,000,000 gallons	4,280	1976	Good

WATER TREATMENT FACILITIES

NAME OR IDENTIFYING NO.	TYPE	MAKE	GALLONS PER DAY	METHOD OF MEASUREMENT
N/A				

**BEFORE THE PUBLIC UTILITY COMMISSION
OF THE STATE OF OREGON**

SUNRIVER WATER, LLC

ATTACHMENT A

Attachment A Tables

The following tables describe the calculation and allocation of total annual expenses, including depreciation, and calculation of the rate base for domestic (potable) water customers, and for the golf course irrigation customer. Tables 1 and 2 distinguish the current assets in use from Construction Work In Progress (CWIP). All CWIP are expected to be completed by the time the proposed rates take effect, but not later than January 1, 2007. Adjustments to the Original Cost and in-service dates are expected as this rate case move toward completion.

Table 3 summarizes the assets used for non-potable irrigation.

Tables 4 through 6 show the allocations of expenses and rate base to all customers, to domestic water customers, and to the Golf course irrigation customer.

Table 7 summarizes user statistics and the relative amounts of revenue from each customer type. It also shows the allocation of customers by meter size, derivation of numbers of meter equivalents, and allocation of total annual revenue requirements.

Table 8 compares current and proposed rates for the existing rate schedules.

Table 9 shows the current set of meter equivalencies used by Sunriver Water LLC and those published by AWWA. The 3-inch size meter equivalencies differ and in the rate model, the AWWA equivalency is used.

Tables 10 through 12 show the wage increases, benefits, and taxes of all employees.

Table 13 shows recorded complaints from water customers over the past 3 years.

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Attachment Table 1 List of Fixed Assets in Use

Non- potable Assets	PUC Acct #	Sys No	Ext	PUC Asset Life	In Svc Date	Original Cost	Annual Depreciation^	Accumulated Depreciation^	Rate Base
304	307	Structures & Improvements		50	10/20/69	31,057.35	(621)	(23,759)	7,298
331	119	Fire Mains		50	10/23/69	4,939.44	(99)	(3,779)	1,161
303	7	Land & Land Rights		0	06/01/70	3,158.77	0	0	3,159
303	30	Land & Land Rights		0	06/01/70	13,694.68	0	0	13,695
330	31	Dist. Reservoirs & Standpipes		30	06/20/70	106,124.15	0	0	0
304	8	Structures & Improvements		35	05/01/71	4,861.35	0	0	0
304	2	Structures & Improvements		35	06/29/71	3,442.00	0	0	0
331	50	Mains		50	09/30/71	738,640.45	(14,773)	(536,745)	201,895
309	6	Supply Mains		50	11/20/72	2,707.80	(54)	(1,904)	803
335	112	Hydrants		40	12/31/72	5.81	(0)	(5)	1
335	111	Hydrants		40	01/01/74	230.83	(6)	(196)	35
303	306	Land & Land Rights		0	01/01/76	1,343.16	0	0	1,343
311	17	Electric Pumping Equipment		20	06/01/76	18,472.70	0	0	0
331	35	Trans. & Dist. Mains		50	06/01/76	341.06	(7)	(215)	126
331	49	Fire Mains		50	06/01/76	11.62	(0)	(7)	4
330	32	Dist. Reservoirs & Standpipes		30	07/02/76	129,238.24	0	0	0
333	72	Services		30	09/10/76	3,017.65	0	0	0
334	94	Metering 1977 Additions		20	09/14/76	1,580.00	0	0	0
334	95	Meter Installation		40	12/31/76	62.24	(2)	(48)	14
311	18	Electric Pumping Equip.		20	06/01/77	778.32	0	0	0
334	78	Meters		20	06/01/77	217.13	0	0	0
311	19	Electric Pumping Equip.		20	12/31/78	1,057.94	0	0	0
334	96	Meter Installation		40	12/25/79	1,293.15	(32)	(908)	385
311	20	Electric Pumping Equipment		20	12/31/79	17,094.68	0	0	0
335	113	Hydrants		40	01/01/80	952.13	(24)	(666)	286
334	79	Meters		20	04/17/80	31,934.34	0	0	0
334	80	Meters		20	10/18/80	13,096.59	0	0	0
334	97	Meter Installation		40	10/19/80	7,938.91	(198)	(5,408)	2,531
335	114	Hydrant Bus. Park		40	07/31/81	556.35	(14)	(369)	188
334	82	Meters		20	08/07/81	5,151.20	0	0	0
334	81	Meters		20	08/08/81	12,938.63	0	0	0
334	98	Meter Installation		40	08/08/81	14,345.69	(359)	(9,474)	4,872
334	99	Meter Installation		40	08/31/81	28,920.77	(723)	(19,100)	9,821
307	3	Well - Gc li		25	12/31/81	10,171.13	0	0	0

Non- potable Assets	PUC Acct #	Sys No	Ext	PUC Asset Life	In Svc Date	Original Cost	Annual Depreciation^	Accumulated Depreciation^	Rate Base	
		304	4	#4 Well Building	35	07/01/82	18,747.42	(536)	(13,659)	5,089
		311	9	High Level Booster Station	20	07/01/82	37,178.00	0	0	0
		334	83	Meters	20	07/02/82	7,857.16	0	0	0
		334	100	Meter Installation	40	11/10/82	8,076.61	(202)	(5,082)	2,995
		336	343	Test Gauge For Backflow	10	04/29/83	758.55	0	0	0
		334	84	1983 Meters	20	06/30/83	5,378.19	0	0	0
		334	101	1983 Meter Installation	40	06/30/83	6,488.46	(162)	(3,988)	2,501
		305	33	Floats For Water Reservoir	20	09/06/83	561.96	0	0	0
		345	344	2 Ea Gp 2s Pmps	20	12/29/83	494.00	0	0	0
S		304	308	Utility Plant Office Bldg	35	01/01/84	5,826.56	(166)	(3,995)	1,831
		331	36	#8 Well Ties	25	06/30/84	1,783.81	(71)	(1,683)	101
		334	85	1984 Meters	20	06/30/84	4,612.31	0	0	0
		334	107	84 Meter Installation	30	07/01/84	6,050.54	(202)	(4,740)	1,311
		311	10	High Level Booster Station #2	35	10/31/84	15,881.95	(454)	(10,550)	5,332
		311	21	Hilevel Booster #2 Equipment	25	10/31/84	52,426.26	(2,097)	(48,756)	3,670
		304	11	#2 Well Aux. Power Structural	40	04/01/85	14,396.67	(360)	(8,188)	6,209
		310	22	#2 Well Aux Power Equipment	30	04/01/85	30,146.00	(1,005)	(22,861)	7,285
		346	334	Moxy Radio Base Sta	10	04/30/85	1,361.72	0	0	0
		346	335	2 Ea Moxy Mobile Radios	10	04/30/85	1,437.50	0	0	0
		334	103	85 Meter Installation	40	06/21/85	7,551.75	(189)	(4,264)	3,288
		334	86	1985 Meters	20	07/16/85	5,129.55	0	0	0
		331	38	Airport/Skypark Well Tie	25	08/31/85	9,776.93	(391)	(8,767)	1,010
		346	336	911 Alarm System	10	08/31/85	4,016.54	0	0	0
		343	312	Cut Off Saw	10	11/12/85	727.21	0	0	0
		331	345	As Built Mapping	10	12/31/85	3,495.14	0	0	0
		340	317	2 Drawer File Cabinet	20	02/28/86	131.00	0	0	0
		341	328	84' Dodge Pickup	7	03/31/86	4,029.00	0	0	0
		341	329	86 Jeep Pickup	35	03/31/86	7,729.00	(221)	(4,821)	2,908
		343	313	Wheeler Pipe Cutter	20	07/31/86	1,331.40	0	0	0
		310	23	Circle #9 Well Aux. Power Equip.	30	09/30/86	46,953.02	(1,565)	(33,389)	13,564
		304	12	Circle 9 Well Aux Power Structure	35	12/31/86	73,181.93	(2,091)	(44,083)	29,099
		331	39	Airport/Skypark Water Line	50	12/31/86	10,771.60	(215)	(4,542)	6,230
		334	87	Metering Equipment 1986	20	12/31/86	4,086.90	0	0	0
		334	104	86 Meter Installation	40	12/31/86	4,730.91	(118)	(2,494)	2,237
		333	73	Pasture Water Line	50	07/31/87	1,485.19	(30)	(609)	876
		304	14	#1 Booster Building 1987	35	12/31/87	26,820.71	(766)	(15,390)	11,431

Non-potable Assets	PUC Acct #	Sys No	Ext	PUC Asset Life	In Svc Date	Original Cost	Annual Depreciation^	Accumulated Depreciation^	Rate Base	
		331	40	12" Water Tie	25	12/31/87	7,143.43	(286)	(5,739)	1,405
		334	88	1987 Meters	20	12/31/87	5,099.66	0	(5,100)	(0)
		334	102	1987 Meter Installation	40	12/31/87	7,351.75	(184)	(3,691)	3,661
		343	314	Lockers (2)	35	02/19/88	564.00	(16)	(321)	243
		341	398	1988 Dodge Truck	7	04/22/88	6,780.00	0	0	0
		346	399	Phoenix Radio	10	04/27/88	695.00	0	0	0
		334	89	1988 Meters	20	06/30/88	3,483.09	(174)	(3,411)	73
		334	105	88 Meter Installation	40	06/30/88	10,494.44	(262)	(5,138)	5,357
S		345	346	Kubota Portable Generator	30	10/01/88	1,349.00	(45)	(866)	483
		310	24	Booster #1 Generator	30	10/31/88	22,570.73	(752)	(14,483)	8,088
		307	1	Well # 930/17 Fpv Iv	35	12/31/88	19,467.15	(556)	(10,614)	8,853
		330	34	Pressure Reducing Station	35	12/31/88	3,741.82	(107)	(2,040)	1,702
		340	318	Blue Print Hangars	10	02/28/89	848.82	0	0	0
SB		340	319	2 Desks 5 Chairs	20	02/28/89	1,334.02	(67)	(1,262)	72
		346	338	Mobile Radio	10	05/31/89	750.00	0	0	0
		334	90	Water Meters 89	20	06/30/89	6,907.99	(345)	(6,419)	489
		334	106	89 Meter Installation	40	06/30/89	17,168.73	(429)	(7,976)	9,192
		346	339	1 Mobil Radio	10	07/31/89	750.00	0	0	0
		304	15	Mink Lane Booster	25	11/30/89	11,886.44	(475)	(8,637)	3,249
		307	25	Well #2 Upgrade	25	12/31/89	6,497.42	(260)	(4,700)	1,798
		307	41	Airport Well 89	25	12/31/89	8,105.60	(324)	(5,863)	2,243
		331	42	Marina Quelah Tie 89	50	12/31/89	16,464.31	(329)	(5,955)	10,510
		331	43	Bp Iii Water Mains	50	12/31/89	59,510.50	(1,190)	(21,523)	37,988
		333	74	Bp Iii Services	30	12/31/89	5,000.55	(167)	(3,014)	1,986
		335	115	Bp Iii Hydrants	40	12/31/89	5,000.00	(125)	(2,260)	2,740
S		336	347	Atmospheric Monitor	5	03/31/90	2,409.72	0	0	0
		341	154	Jeep Pu 5-6	7	03/31/90	11,834.50	0	0	0
		343	348	Fertilizer Spreader	7	05/31/90	236.07	0	0	0
		341	330	1983 Gmc Dump Truck	7	06/30/90	15,806.00	0	0	0
		341	331	1990 Ford Ranger	7	06/30/90	14,740.00	0	0	0
S		343	349	Cable Locator	10	06/30/90	1,550.00	0	0	0
		340	320	Panasonic Printer	10	07/31/90	425.00	0	0	0
		347	321	Personal Computer	10	07/31/90	1,140.00	0	0	0
		346	340	2 Handheld Radios	10	08/31/90	1,198.00	0	0	0
		331	44	Aspen Meadow Trans. Mains 89	50	10/31/90	15,106.09	(302)	(5,212)	9,894
		331	45	Business Park Tie 90	50	11/30/90	24,984.00	(500)	(8,578)	16,406

Non- potable Assets	PUC Acct #	Sys No	Ext	PUC Asset Life	In Svc Date	Original Cost	Annual Depreciation^	Accumulated Depreciation^	Rate Base
	304	29	Structures & Improvements	35	12/30/90	41.44	(1)	(20)	21
	331	46	Championship Est. Mains	50	12/31/90	26,213.58	(524)	(8,956)	17,257
	331	47	Fairway Pines Mains	50	12/31/90	15,982.72	(320)	(5,461)	10,522
	331	48	Quelah Est Mains	50	12/31/90	42,619.93	(852)	(14,562)	28,058
	333	75	Championship Est Services	30	12/31/90	1,475.28	(49)	(840)	635
	333	76	Fairway Pines Services	30	12/31/90	1,757.92	(59)	(1,001)	757
	333	77	Quelah Est Services	30	12/31/90	3,806.06	(127)	(2,167)	1,639
	334	93	1990 Meters	20	12/31/90	6,789.62	(339)	(5,799)	990
	334	108	90 Meter Installation	40	12/31/90	18,166.10	(454)	(7,758)	10,408
	335	116	Championship Est Hydrants	40	12/31/90	2,641.51	(66)	(1,128)	1,513
	335	117	Fairway Pines Hydrants	40	12/31/90	2,093.76	(52)	(894)	1,200
	335	118	Quelah Est Hydrants	40	12/31/90	4,165.35	(104)	(1,779)	2,386
	346	26	Telemetering Equip. 90	10	12/31/90	5,071.80	0	0	0
	340	322	Copy Machine Mita 1255	10	02/28/91	1,700.00	0	0	0
	330	27	8" Flow Meter	35	03/31/91	3,520.00	(101)	(1,693)	1,827
	311	28	6" Clay Valve	20	04/30/91	2,642.75	(132)	(2,213)	429
	330	396	Overflow System	30	06/30/91	3,091.03	(103)	(1,709)	1,382
S	343	350	Jackhammer	10	11/30/91	1,684.81	0	0	0
	334	91	1991 Water Meters	20	12/31/91	13,613.75	(681)	(10,948)	2,666
	334	109	1991 Meter Installation	40	12/31/91	23,614.42	(590)	(9,495)	14,119
S	345	351	J.D. Backhoe	7	12/31/91	36,250.00	0	0	0
	346	341	2 2 Way Radios	10	02/29/92	1,286.00	0	0	0
	343	315	Portable Water Pump	20	04/30/92	369.96	(18)	(291)	79
	347	323	Fujitsu DI 5800 Printer	10	06/30/92	1,382.00	0	0	0
	343	316	Transit/Level Tripod & Rod	10	07/31/92	1,223.84	0	0	0
	304	16	Concrete Retaining Wall	35	11/30/92	2,218.47	(63)	(961)	1,257
S	343	352	Fuel Tanks	30	11/30/92	22,298.14	(743)	(11,273)	11,025
	334	92	1992 Meters	20	12/31/92	5,000.90	(250)	(3,772)	1,229
	334	110	1992 Meter Installation	40	12/31/92	15,008.17	(375)	(5,659)	9,349
	334	407	Water Meters 93	20	12/31/93	4,884.56	(244)	(3,440)	1,445
	334	428	1993 Water Meters	20	12/31/93	8,866.61	(443)	(6,244)	2,623
	340	429	Water Cooler	10	12/31/93	600.00	0	0	0
	331	414	Water Mains / Well Tie	25	06/30/94	6,865.19	(275)	(3,730)	3,135
	346	418	Mobile Radios	10	07/31/94	1,148.00	0	0	0
S	340	417	Computer Hardware/Software	10	08/31/94	24,788.74	0	0	0
	343	413	Fire Hydrant Flow Meter	35	09/30/94	535.00	(15)	(204)	331

Non-potable Assets	PUC Acct #	Sys No	Ext	PUC Asset Life	In Svc Date	Original Cost	Annual Depreciation^	Accumulated Depreciation^	Rate Base
	334	415	1994 Water Meters	20	12/31/94	12,474.84	(624)	(8,161)	4,314
	334	416	1994 Water Meter Installation	40	12/31/94	6,132.44	(153)	(2,006)	4,127
X	304	447	Crosswater Well Structures	35	02/28/95	75,013.04	(2,143)	(27,683)	47,330
X	311	449	Crosswater Well Equipment	25	02/28/95	105,325.33	(4,213)	(54,418)	50,907
S	311	434	Pump	20	07/31/95	1,324.13	(66)	(828)	497
	345	445	Diesel Tank Cover	30	10/31/95	1,002.61	(33)	(409)	593
S	345	433	Snow Plow	7	11/30/95	5,200.00	0	0	0
S	343	453	Magnetic Locator Mac-51b	20	07/31/96	1,725.00	(86)	(992)	733
S	347	454	Pentium Pc	10	07/31/96	1,165.00	0	0	0
S	347	455	File Server- Pentium 120	10	07/31/96	1,800.00	0	0	0
	330	457	Paint 3 Reservoir Tanks	30	08/31/96	6,150.00	(205)	(2,340)	3,810
	347	456	Genicom Line Printer	10	08/31/96	5,500.00	0	0	0
S	340	459	Fax Machine - Sharp Fo-2600	10	10/31/96	849.00	0	0	0
	331	465	Mains - Osprey Pointe	50	11/30/96	28,723.00	(574)	(6,415)	22,308
	333	464	Services - Osprey Pointe	30	11/30/96	5,335.00	(178)	(1,986)	3,349
	335	466	Hydrants - Osprey Pointe	40	11/30/96	4,400.00	(110)	(1,228)	3,172
	334	460	1996 Water Meters	20	12/31/96	19,183.54	(959)	(10,631)	8,553
	334	461	1996 Meter Installation	40	12/31/96	8,953.21	(224)	(2,481)	6,472
X	311	474	Cw Well Additions	35	01/31/97	7,061.00	(202)	(2,219)	4,842
	341	467	New Engine -Ford Ranger #331	7	02/28/97	3,642.95	0	0	0
	331	470	Valve Delineators (Markers)	10	05/31/97	4,821.91	(482)	(4,822)	0
SB	347	473	Software Upgrade-Utility/2	10	11/19/97	7,450.00	(745)	(7,450)	0
	334	478	1997 Meters	20	12/31/97	14,461.00	(723)	(7,291)	7,170
	334	479	1997 Meter Installation	40	12/31/97	6,144.00	(154)	(1,549)	4,595
	346	480	Water Reservoir Telemetering Equip	20	12/31/97	2,176.00	(109)	(1,097)	1,079
SB	347	485	Software-Custom Bill Form	10	01/06/98	1,500.00	0	0	0
S	341	488	Truck Quad Cab 3brhf13z6wg206896	7	05/06/98	23,497.00	0	0	0
S	343	489	Drill Press	10	05/22/98	850.00	(85)	(822)	28
SB	340	486	Meter Reading Unit-Handheld	20	06/30/98	2,425.00	(121)	(1,162)	1,263
S	347	471	Tape Drive (Exabyte)	10	07/14/98	1,776.00	(178)	(1,687)	89
S	345	493	8hp Pump	20	09/01/98	1,215.00	(61)	(567)	648
S	347	495	Computer Routers	10	12/23/98	2,237.44	(224)	(2,032)	205
S	347	496	3 Computers 1 Server	10	04/30/99	4,654.50	(465)	(4,073)	582
S	341	497	1999 FORD RANGER (Replaced In 2006)	6	06/08/99	20,242.60	0	0	0
S	341	498	94 Ford F150	7	07/05/99	8,118.91	0	0	0
	334	499	Meter Installation	40	12/31/99	9,607.50	(240)	(1,942)	7,666

Non- potable Assets	PUC Acct #	Sys No	Ext	PUC Asset Life	In Svc Date	Original Cost	Annual Depreciation^	Accumulated Depreciation^	Rate Base
	334	500	Water Meters	20	12/31/99	22,653.75	(1,133)	(9,156)	13,498
S	347	505	Computer	10	01/01/01	4,332.02	(433)	(3,032)	1,300
	334	506	Water Meters	20	06/30/01	6,039.92	(302)	(1,988)	4,052
S	346	507	Fiber& Conduit For Telemetry	30	11/01/01	78,751.16	(2,625)	(16,188)	62,563
S	347	508	Software Telemetry	10	11/26/01	4,657.06	(466)	(2,872)	1,785
S	347	510	Dell Server	5	12/31/01	3,818.00	0	0	0
S	347	513	Computer Software Telemetry	5	01/09/02	9,998.67	0	0	0
S	347	511	Pcs, Servers, Computer Racks	5	03/14/02	3,644.97	(729)	(3,645)	0
	311	515	Pump Controllers	40	05/28/02	4,703.30	(118)	(666)	4,037
S	343	503	Jack Hammer	10	06/22/02	1,360.00	(136)	(759)	601
S	336	512	Atmospheric Moniter	5	09/18/02	1,867.00	0	0	0
	334	519	Meters	20	10/31/02	7,101.89	(355)	(1,864)	5,238
S	347	518	Utility Star Platinum Software	5	11/08/02	13,708.59	0	0	0
SB	347	514	Computer Software Billing	5	11/29/02	3,387.00	0	0	0
S	345	520	Snow Plow	10	12/19/02	12,465.00	(1,247)	(6,336)	6,129
	343	523	Siemens Hydrorangers (2)	10	12/23/02	3,233.00	(323)	(1,643)	1,590
S	347	516	Water Booster PLC	5	12/23/02	8,498.50	0	0	0
S	347	517	Laptop	5	12/25/02	606.20	0	0	0
S	347	502	Work Station	5	12/29/02	2,324.00	0	0	0
	334	504	Meters	20	12/31/02	11,560.81	(578)	(2,938)	8,622
S	343	524	Schonstedt Locator	10	02/28/03	1,708.03	(171)	(840)	868
S	343	525	Schonstedt Locator	10	02/28/03	703.99	(70)	(346)	358
S	341	521	2003 Dodge Dakota, White	7	04/17/03	21,426.00	(3,061)	(14,539)	6,887
S	341	522	2003 Dodge 1500 Slr, White	7	05/21/03	25,719.00	(3,674)	(17,146)	8,573
S	345	526	Bobcat Port Generator 5k Watt	10	06/30/03	1,800.00	(180)	(825)	975
	331	528	Excavate/Install 12 Inch Water Line	40	10/02/03	6,694.28	(167)	(711)	5,983
	334	527	Meters	20	10/31/03	6,046.34	(302)	(1,285)	4,761
S	341	530	2004 Dakota 4x4	7	03/16/04	22,463.00	(3,209)	(12,301)	10,162
S	346	542	Woodland Fiber Labor & Mtls	15	06/15/04	75,988.85	(5,066)	(18,153)	57,836
	311	536	Water Booster Station	40	06/30/04	34,602.00	(865)	(3,100)	31,502
	304	532	Tree Removal & Clean Up	40	08/04/04	3,245.00	(81)	(277)	2,968
	330	539	Install 12 In Pipe	40	08/23/04	11,000.00	(275)	(940)	10,060
S	347	540	Hp Laserjet Printer	5	08/26/04	2,986.18	(597)	(2,041)	946
S	346	543	Woodland Fiber-Switches & Ports	15	09/13/04	14,751.19	(983)	(3,278)	11,473
	330	533	Fences @ Reservoir	20	10/15/04	26,680.00	(1,334)	(4,336)	22,345
	304	534	Concrete Floor	40	11/29/04	940.00	(24)	(74)	866

Non- potable Assets	PUC Acct #	Sys No	Ext	PUC Asset Life	In Svc Date	Original Cost	Annual Depreciation^	Accumulated Depreciation^	Rate Base
S	347	538	Dell Precision 470 Desktop	5	11/30/04	1,837.00	(367)	(1,163)	674
	311	535	Pump Wiring	10	12/14/04	5,428.81	(543)	(1,674)	3,755
	311	541	Eccentric Reducer & Parts	40	12/29/04	1,848.02	(46)	(142)	1,706
	320	537	Chlorinator	20	12/30/04	7,010.00	(351)	(1,081)	5,929
	310	531	Kohler Generator (Used)	10	12/31/04	5,525.00	(553)	(1,704)	3,821
	334	529	Meters	20	12/31/04	5,946.60	(297)	(917)	5,030
	311B	544	Electric Pump Control WH&H	20	01/31/05	6,743.78	(337)	(1,012)	5,732
S	341	545	Dodge Truck 2005	7	04/27/05	21,402.00	(3,057)	(8,408)	12,994
S	341	546	Dodge Truck With Canopy	7	05/19/05	24,877.00	(3,554)	(9,477)	15,400
S	341	547	International Dump Truck	7	06/30/05	36,908.70	(5,273)	(13,621)	23,288
	345	548	High Pressure Washer	10	10/07/05	4,475.00	(448)	(1,007)	3,468
	334	550	Meters	20	12/31/05	5,814.23	(291)	(606)	5,209
S	347	v	Computer Equipment	5	3/14/2006	1,338	(268)	(491)	847
S	341	v	2006 Dodge Dakota 4wd(Replaces 99 Ford Ranger)	7	3/29/2006	22,831	(3,262)	(5,980)	16,851
	341	v	Pipe Rack For Truck	7	3/29/2006	2,100	(300)	(550)	1,550
S	341	v	Backhoe	20	4/1/2006	61,740	(3,087)	(5,402)	56,338
	341	v	Skid Steer	20	4/1/2006	22,840	(1,142)	(1,999)	20,842
S	347	v	Computer Server Switch To Fiber (Replace Core Switch)	5	5/1/2006	988	(198)	(329)	659
Total Existing						3,385,853.72	(106,866.37)	(1,432,374.10)	1,261,695.72

Notes: * "S" shared asset between non-potable irrigation and domestic water users; "X" exclusively used for non-potable irrigation.
^Excludes annual and accumulated depreciation for assets that were fully depreciated as of December 31, 2006.

Attachment Table 2 List of Construction Work in Progress

Non- potable Assets *	PUC Acct #	Sys No	Ext	PUC Asset Life	In Svc Date	Original Cost	Annual Depreciation [^]	Accumulated Depreciation [^]	Rate Base
	311	v	Electrical service to reservoir	20	1/1/2007	8,000	(400)	(400)	7,600
	307		Well No. 14 (Well)	40	1/1/2007	1,120,000	(28,000)	(28,000)	1,092,000
	311B		Well No. 14 (HVAC/Mechanical)	10	1/1/2007	20,000	(2,000)	(2,000)	18,000
	311B		Well No. 14 (generator)	20	1/1/2007	60,000	(3,000)	(3,000)	57,000
	311		Fiber to Well # 2	15	1/1/2007	10,000	(667)	(667)	9,333
X	311		Crosswater well pumps and piping	40	1/1/2007	65,000	(1,625)	(1,625)	63,375
	311		Software Telemetry	5	1/1/2007	5,500	(1,100)	(1,100)	4,400
S	334		Remote read Meters	20	1/1/2007	50,000	(2,500)	(2,500)	47,500
	334		Meters & Installation	20	1/1/2007	12,500	(625)	(625)	11,875
	335		Hydrants	40	1/1/2007	9,500	(238)	(238)	9,263
S	347		Billing System	10	1/1/2007	38,000	(3,800)	(3,800)	34,200
S	347		New billing system server	5	1/1/2007	6,000	(1,200)	(1,200)	4,800
Total New Plant 2006						1,404,500	(45,154)	(45,154)	1,359,346
									0

Notes: * "S" shared asset between non-potable irrigation and domestic water users; "X" exclusively used for non-potable irrigation.

[^]Excludes annual and accumulated depreciation for assets that were fully depreciated as of December 31, 2006.

Attachment Table 3 Summary of Assets and CWIP Used by Non-potable Irrigation Users

		Original Cost	Annual Depreciation	Accumulated Depreciation	Rate Base
Summary of Assets in Use by Non-potable Irrigation					
Exclusively Non-potable Irrigation					
X	Non-potable Irrigation Assets In Service	187,399	(6,558)	(84,321)	103,079
X	Non-potable Irrigation CWIP	65,000	(1,625)	(1,625)	63,375
	Sub-Total	252,399	(8,183)	(85,946)	166,454
Shared between Potable & Non-Potable Users					
S	Shared Assets in Service	656,311	(43,832)	(174,307)	313,627
SB	Shared Assets in Service, Billing	16,096	(933)	(9,874)	1,335
S	Shared CWIP	94,000	(7,500)	(7,500)	86,500
	Sub-Total	766,407	(52,265)	(191,680)	401,462
	Non-potable Irrigation Proportionate Share	36,199	(2,469)	(9,054)	18,962
	Total Allocation to Non-potable Irrigation	288,598	(10,652)	(95,000)	185,416
Allocated to Cost of Service Analysis					
	Non-potable Irrigation Fixed Assets		(8,673)	(93,020)	117,955
	Non-potable Irrigation CWIP		(1,979)	(1,979)	67,461
	Total		(10,652)	(95,000)	185,416

Attachment Table 4 Allocation of Proposed Expenses, Potable and Non-potable Users

Acct No		Annual Test Year	Base		Commodity		Total
			Customer	Demand	Average	Peaking	
601	Salaries and Wages - Employees	354,753	27,769	124,164	202,821		354,753
603	Salaries and Wages - Officers	0	0	0			0
604	Employee Pensions and Benefits	97,769	13,386	34,219	50,164		97,769
610	Purchased Water	0			0	0	0
611	Telephone/Communications	6,241			3,918	2,322	6,241
615	Purchased Power	52,210		13,052	24,587	14,571	52,210
616	Fuel for Power Production	0		0	0	0	0
618	Chemicals	1,422			893	529	1,422
619	Office Supplies Expense	7,687	7,687				7,687
619.1	Postage	12,580		12,580			12,580
620	Materials and Supplies - O&M	24,173		18,130	3,795	2,249	24,173
621	Repairs to Water Plant	7,672		7,672			7,672
631	Contractual Services - Engineering	39,868		29,901	6,258	3,709	39,868
632	Contractual Services - Accounting	2,658	2,658				2,658
633	Contractual Services - Legal	128	10		74	44	128
634	Contractual Services -Management	125,145		125,145	0	0	125,145
635	Contractual Services -Testing	0		0			0
636	Contractual Services - Labor	5,420		5,420			5,420
637	Contractual Services - Billing/Collections	1,403		1,403			1,403
641	Rental of Bldg/Real Property	0		0			0
642	Rental of Equipment	0		0			0
643	Small Tools	0		0			0
648	Computer/Electronic Expense	3,803		3,803			3,803
650	Transportation Expense	29,693	7,423	22,270	0	0	29,693
656	Insurance - Vehicle	0					0
657	Insurance - General Liability	64,666		40,604	15,109	8,954	64,666
658	Insurance - Workman's Comp	37,710	2,952	34,758	0	0	37,710
659	Insurance - Other	0		0			0
660	Public Relations/Advertising Expense	0		0			0

Acct No		Annual Test Year	Base		Commodity		Total
			Customer	Demand	Average	Peaking	
666	Amortization of Rate Case Expense	12,000		12,000			12,000
667	Regulatory Comm. Expense (Gross Revenue Fee)	0					0
668	Water Resource Conservation Expense	0		0	0	0	0
670	Bad Debt Request	882		882			882
671	Cross Connection Program Expense	0					0
672	System Capacity Development Expense	0					0
673	Training and Certification Expense	3,028		1,514	951	563	3,028
674	Consumer Confidence Report	0					0
675	Miscellaneous Expense (Itemize on Separate Schedule)	0					0
401	TOTAL OPERATING EXPENSES	890,912	61,886	487,518	308,569	32,940	890,912

403	Depreciation Expense	106,866		80,150	16,775	9,941	106,866
406	Amortization of Utility Plant Acquisition Expense	0					0
407	Amortization Expense	0		0			0
408	Taxes Other Than Income	33,153	16,576	8,288	5,204	3,084	33,153
409.1	Oregon Income Tax	19,046		11,428	4,784	2,835	19,046
409.10	Federal Income Tax	47,564		28,538	11,946	7,079	47,564
409.13	Extraordinary Items Income Tax	0					0
434	TOTAL OTHER REVENUE DEDUCTIONS	206,629	16,576	128,404	38,709	22,940	206,629

	TOTAL REVENUE DEDUCTIONS	1,097,541	78,462	615,921	347,277	55,880	1,097,541
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UTILITY PLANT							
	Total Utility Plant	2,694,070		269,407	1,522,435	902,228	2,694,070
	Accumulated Depreciation of Utility Plant in Service	(1,432,374)		(143,237)	(809,443)	(479,694)	(1,432,374)
	Accumulated Amortization of Utility Plant in Service	0					0
	Advances for Construction	0					0
	Utility Plant Subtraction						0
	Add in the Following:	0					0
	Plant Materials & Supplies Inventory	0					0
	Working Cash (1/12 total operating expenses)	74,243		74,243			74,243

Acct No		Annual Test Year	Base		Commodity		Total
			Customer	Demand	Average	Peaking	
	TOTAL	1,335,938	0	200,412	712,992	422,534	1,335,938

Construction Work in Progress

403	Depreciation Expense	45,154		33,866	7,088	4,201	45,154
406	Amortization of Utility Plant Acquisition Expense						
407	Amortization Expense						
408	Taxes Other Than Income						
409.1	Oregon Income Tax						
409.10	Federal Income Tax						
409.13	Extraordinary Items Income Tax						
434	TOTAL OTHER REVENUE DEDUCTIONS	45,154		33,866	7,088	4,201	45,154
	TOTAL REVENUE DEDUCTIONS	45,154		33,866	7,088	4,201	45,154
	UTILITY PLANT						
	Total Utility Plant	1,404,500		351,125	661,409	391,966	1,404,500
	Accumulated Depreciation of Utility Plant in Service	(45,154)		(11,289)	(21,264)	(12,602)	(45,154)
	Accumulated Amortization of Utility Plant in Service						
	Advances for Construction						
	Utility Plant Subtraction						
	Add in the Following:						
	Plant Materials & Supplies Inventory						
	Working Cash (1/12 total operating expenses)						
	TOTAL	1,359,346		339,836	640,145	379,364	1,359,346
	Return on Rate Base @ 10%	135,935		33,984	64,015	37,936	135,935

Total Revenue Requirements, All Customers	1,412,223	78,462	703,812	489,679	140,270	1,412,223
Division of COSA to Base & Commodity			55.4%		44.6%	100.0%

Attachment Table 5 Allocation of Proposed Expenses to Potable Water Users

Acct No		Annual Test Year	Base		Commodity		Total
			Customer	Demand	Average	Peaking	
601	Salaries and Wages - Employees	352,625	27,602	123,419	201,604	0	352,625
603	Salaries and Wages - Officers	0	0	0	0	0	0
604	Employee Pensions and Benefits	97,182	13,306	34,014	49,863	0	97,182
610	Purchased Water	0	0	0	0	0	0
611	Telephone/Communications	6,204	0	0	3,881	2,322	6,204
615	Purchased Power	46,101	0	13,052	20,183	12,866	46,101
616	Fuel for Power Production	0	0	0	0	0	0
618	Chemicals	1,422	0	0	893	529	1,422
619	Office Supplies Expense	7,641	7,641	0	0	0	7,641
619.1	Postage	12,505	0	12,505	0	0	12,505
620	Materials and Supplies - O&M	24,028	0	18,130	3,650	2,249	24,028
621	Repairs to Water Plant	7,309	0	7,309	0	0	7,309
631	Contractual Services - Engineering	37,985	0	28,920	5,356	3,709	37,985
632	Contractual Services - Accounting	2,642	2,642	0	0	0	2,642
633	Contractual Services - Legal	122	10	0	71	42	122
634	Contractual Services -Management	124,394	0	124,394	0	0	124,394
635	Contractual Services -Testing	0	0	0	0	0	0
636	Contractual Services - Labor	5,164	0	5,164	0	0	5,164
637	Contractual Services - Billing/Collections	1,395	0	1,395	0	0	1,395
641	Rental of Bldg/Real Property	0	0	0	0	0	0
642	Rental of Equipment	0	0	0	0	0	0
643	Small Tools	0	0	0	0	0	0
648	Computer/Electronic Expense	3,780	0	3,780	0	0	3,780
650	Transportation Expense	29,515	7,379	22,136	0	0	29,515
656	Insurance - Vehicle	0	0	0	0	0	0
657	Insurance - General Liability	61,612	0	38,686	14,395	8,531	61,612
658	Insurance - Workman's Comp	37,484	2,934	34,550	0	0	37,484
659	Insurance - Other	0	0	0	0	0	0
660	Public Relations/Advertising Expense	0	0	0	0	0	0
666	Amortization of Rate Case Expense	11,928	0	11,928	0	0	11,928
667	Regulatory Comm. Expense (Gross Revenue Fee)	0	0	0	0	0	0

Acct No		Annual Test Year	Base		Commodity		Total
			Customer	Demand	Average	Peaking	
668	Water Resource Conservation Expense	0	0	0	0	0	0
670	Bad Debt Request	882	0	882	0	0	882
671	Cross Connection Program Expense	0	0	0	0	0	0
672	System Capacity Development Expense	0	0	0	0	0	0
673	Training and Certification Expense	3,010	0	1,505	945	560	3,010
674	Consumer Confidence Report	0	0	0	0	0	0
675	Miscellaneous Expense (Itemize on Separate Schedule)	0	0	0	0	0	0
401	TOTAL OPERATING EXPENSES	874,930	61,514	481,770	300,840	30,807	874,930

403	Depreciation Expense	98,194	0	80,150	11,330	6,714	98,194
406	Amortization of Utility Plant Acquisition Expense	0	0	0	0	0	0
407	Amortization Expense	0	0	0	0	0	0
408	Taxes Other Than Income	31,587	16,576	8,288	4,221	2,501	31,587
409.11	Oregon Income Tax	18,569	0	11,428	4,307	2,835	18,569
409.10	Federal Income Tax	46,373	0	28,538	10,756	7,079	46,373
409.13	Extraordinary Items Income Tax	0	0	0	0	0	0
434	TOTAL OTHER REVENUE DEDUCTIONS	194,723	16,576	128,404	30,613	19,130	194,723

	TOTAL REVENUE DEDUCTIONS	1,069,653	78,090	610,173	331,453	49,937	1,069,653
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UTILITY PLANT							
	Total Utility Plant	2,483,095	0	216,663	1,423,082	843,349	2,483,095
	Accumulated Depreciation of Utility Plant in Service	(1,339,354)	0	(119,982)	(765,638)	(453,734)	(1,339,354)
	Accumulated Amortization of Utility Plant in Service	0	0	0	0	0	0
	Advances for Construction	0	0	0	0	0	0
	Utility Plant Subtraction	0	0	0	0	0	0
	Add in the Following:	0	0	0	0	0	0
	Plant Materials & Supplies Inventory	0	0	0	0	0	0
	Working Cash (1/12 total operating expenses)	72,356	0	74,243	(1,886)	0	72,356
	TOTAL	1,216,098	0	170,924	655,558	389,616	1,216,098

Acct No		Annual Test Year	Base		Commodity		Total	
			Customer	Demand	Average	Peaking		
Construction Work in Progress								
403	Depreciation Expense	43,175	0	33,866	5,845	3,464	43,175	
406	Amortization of Utility Plant Acquisition Expense	0	0	0	0	0	0	
407	Amortization Expense	0	0	0	0	0	0	
408	Taxes Other Than Income	0	0	0	0	0	0	
409.11	Oregon Income Tax	0	0	0	0	0	0	
409.10	Federal Income Tax	0	0	0	0	0	0	
409.13	Extraordinary Items Income Tax	0	0	0	0	0	0	
434	TOTAL OTHER REVENUE DEDUCTIONS	43,175	0	33,866	5,845	3,464	43,175	
	TOTAL REVENUE DEDUCTIONS	43,175	0	33,866	5,845	3,464	43,175	
	UTILITY PLANT							
	Total Utility Plant	1,335,060	(52,080)	346,785	653,234	387,121	1,335,060	
	Accumulated Depreciation of Utility Plant in Service	(43,175)	1,484	(11,165)	(21,031)	(12,463)	(43,175)	
	Accumulated Amortization of Utility Plant in Service	0	0	0	0	0		
	Advances for Construction	0	0	0	0	0		
	Utility Plant Subtraction	0	0	0	0	0		
	Add in the Following:	0	0	0	0	0		
	Plant Materials & Supplies Inventory	0	0	0	0	0		
	Working Cash (1/12 total operating expenses)	0	0	0	0	0		
	TOTAL	1,291,885	(50,595)	335,620	632,203	374,657	1,291,885	
	Return on Rate Base @ 10%	129,189	(5,060)	33,562	63,220	37,466	129,189	
	Total Revenue Requirements, Potable Water	1,412,223	73,031	694,693	466,074	129,829	1,363,627	
				56.3%		43.7%	100.0%	

Attachment Table 6 Allocation of Proposed Expenses to Non-Potable Irrigation Users

Acct No		Annual Test Year	Allocation	Base		Commodity		Total
				Customer	Demand	Average	Peaking	
601	Salaries and Wages - Employees	2,129	0.60%	167	745	1,217	0	2,129
603	Salaries and Wages - Officers	0						0
604	Employee Pensions and Benefits	587	0.60%	80	205	301	0	587
610	Purchased Water	0						0
611	Telephone/Communications	37	0.60%			37		37
615	Purchased Power	6,109	11.70%	0		4,404	1,705	6,109
616	Fuel for Power Production	0						0
618	Chemicals							0
619	Office Supplies Expense	46	0.60%	46	0	0	0	46
619.1	Postage	75	0.60%	0	75	0	0	75
620	Materials and Supplies - O&M	145	0.60%			145		145
621	Repairs to Water Plant	362	4.72%		362			362
631	Contractual Services - Engineering	1,883	4.72%		981	902		1,883
632	Contractual Services - Accounting	16	0.60%	16	0	0	0	16
633	Contractual Services - Legal	6	4.72%	0	0	4	2	6
634	Contractual Services -Management	751	0.60%	0	751	0	0	751
635	Contractual Services -Testing	0						0
636	Contractual Services - Labor	256	4.72%	0	256	0	0	256
637	Contractual Services - Billing/Collections	8	0.60%	0	8	0	0	8
641	Rental of Bldg/Real Property	0						0
642	Rental of Equipment	0						0
643	Small Tools	0						0
648	Computer/Electronic Expense	23	0.60%	0	23	0	0	23
650	Transportation Expense	178	0.60%	45	134	0	0	178
656	Insurance - Vehicle	0						0
657	Insurance - General Liability	3,054	4.72%	0	1,918	714	423	3,054
658	Insurance - Workman's Comp	226	0.60%	18	209	0	0	226
659	Insurance - Other	0						0
660	Public Relations/Advertising Expense	0						0
666	Amortization of Rate Case Expense	72	0.60%	0	72		0	72

Acct No		Annual Test Year	Allocation	Base		Commodity		Total
				Customer	Demand	Average	Peaking	
667	Regulatory Comm. Expense (Gross Revenue Fee)	0						0
668	Water Resource Conservation Expense	0						0
670	Bad Debt Request	0						0
671	Cross Connection Program Expense	0						0
672	System Capacity Development Expense	0						0
673	Training and Certification Expense	18	0.60%	0	9	6	3	18
674	Consumer Confidence Report	0						
675	Miscellaneous Expense (Itemize on Separate Schedule)	0						
401	TOTAL OPERATING EXPENSES	15,982		372	5,748	7,729	2,133	15,982

403	Depreciation Expense	8,673				5,446	3,227	8,673
406	Amortization of Utility Plant Acquisition Expense	0						0
407	Amortization Expense	0						0
408	Taxes Other Than Income	1,566	4.72%			983	583	1,566
409.11	Oregon Income Tax	477	2.50%			477		477
409.10	Federal Income Tax	1,190	2.50%			1,190		1,190
409.13	Extraordinary Items Income Tax	0						0
434	TOTAL OTHER REVENUE DEDUCTIONS	11,906		0	0	8,096	3,810	11,906

	TOTAL REVENUE DEDUCTIONS	27,888		372	5,748	15,825	5,943	27,887
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UTILITY PLANT								
	Total Utility Plant	210,975		0	52,744	99,353	58,878	210,975
	Accumulated Depreciation of Utility Plant in Service	(93,020)		0	(23,255)	(43,805)	(25,960)	(93,020)
	Accumulated Amortization of Utility Plant in Service	0						0
	Advances for Construction	0						0
	Utility Plant Subtraction							0
	Add in the Following:	0						0
	Plant Materials & Supplies Inventory	0						0
	Working Cash (1/12 total operating expenses)	1,886	2.54%		0	1,886		1,886

Acct No		Annual Test Year	Allocation	Base		Commodity		Total
				Customer	Demand	Average	Peaking	
	TOTAL	119,841		0	29,489	57,434	32,918	119,841

Construction Work in Progress

403	Depreciation Expense	1,979				1,243	737	1,979
406	Amortization of Utility Plant Acquisition Expense							0
407	Amortization Expense							0
408	Taxes Other Than Income							0
409.11	Oregon Income Tax	0				0		0
409.10	Federal Income Tax	0				0		0
409.13	Extraordinary Items Income Tax							0
434	TOTAL OTHER REVENUE DEDUCTIONS	1,979		0	0	1,243	737	1,979
								0
	TOTAL REVENUE DEDUCTIONS	1,979		0	0	1,243	737	1,979

UTILITY PLANT								
	Total Utility Plant	69,440		52,080	4,340	8,175	4,845	69,440
	Accumulated Depreciation of Utility Plant in Service	(1,979)		(1,484)	(124)	(233)	(138)	(1,979)
	Accumulated Amortization of Utility Plant in Service							
	Advances for Construction							
	Utility Plant Subtraction							
	Add in the Following:							
	Plant Materials & Supplies Inventory							
	Working Cash (1/12 total operating expenses)	0						
	TOTAL	67,460		50,595	4,216	7,942	4,707	67,460
	Return on Rate Base @ 10%	6,746		5,060	422	794	471	6,746

Total Revenue Requirements, Non-potable	1,412,223	5,431	9,118	23,605	10,442	48,597
Division of COSA to Base & Commodity			29.9%		70.1%	100.0%

Attachment Table 7 Summary of Users, Usage, and Expected Revenues

Meter Size	Equivalent 3/4-inch Meters	Commercial	Single- Family Residential*	Condo Residential	Multiple Family**	Irrigation	Non- potable Irrigation	Stand-by Fire Protection^^		Total
								Meters	10%	
Number of Customers										
Flat Rate	1.29		40							40
5/8 x 3/4	1.00	46	3,018	645		30				3,739
1	2.50	32	125	54	77	11				299
1 1/2	5.00	9	2			15			0	26
2	8.00	23			186	49		1	1	259
3	16.00	1				6	2	9	1	10
4	25.00							5	1	1
6	50.00	3						1	1	4
8	80.00							4	1	1
Total		114	3,185	699	263	111	2	20	5	4,379
	%	2.6%	72.7%	16.0%	6.0%	2.5%	0.0%		0.1%	100.0%
Equivalent 5/8 x 3/4 Meters		521	3,381	780	263	621	32		179	5,776
	%	9.0%	58.5%	13.5%	4.6%	10.7%	0.6%		3.1%	100.0%
ERU Months/Year^		6,252	40,566	9,360	3,156	4,344			2,148	65,826
	%	9.5%	61.6%	14.2%	4.8%	6.6%	0.0%		3.3%	100.0%
Annual Gallons of Water Usage										
Annual Water Use		60,982,767	246,884,125	20,114,690	12,812,131	168,893,770	67,441,925		0	577,129,408
% of Total		11%	43%	3%	2%	29%	12%		0%	100%
Number of Equivalent Meters		521	3,381	780	263	621	32		179	5,776
Annual Revenue Proposed Rates										
		\$145,720	\$771,667	\$134,183	\$52,359	\$250,538	\$48,597		\$9,159	\$1,412,223
% of Total		10%	55%	10%	4%	18%	3%		1%	100%

Notes:

* Each flat rate customer is counted as one 3/4 inch meter.

**Each multiple-family unit is counted as one 3/4 inch meter.

^Number of months per year for all customers is 12 except irrigation at 7 months per year.

^^Standby fire meters are discounted to 10 percent by meter size rounded up to at least 1 meter by size.

Attachment Table 8 Comparison of Current and Proposed Rates by Current Rate Schedules

Schedule No. 1
Residential/Commercial Metered Rates

Service Meter Size	Current	Proposed Rate	Change	
			\$	%
5/8 x 3/4	\$6.45	\$11.80	\$5.35	83%
1	\$16.13	\$29.50	\$13.37	83%
1 1/2	\$32.26	\$58.99	\$26.73	83%
2	\$51.62	\$94.38	\$42.76	83%
3	\$106.47	\$188.75	\$82.28	77%
4	\$161.32	\$294.91	\$133.59	83%
6	\$322.64	\$589.82	\$267.18	83%

Commodity Rate	Commodity Rate		Change	
	Current	Proposed	\$	%
All meter sizes (\$/1,000 gallons)	\$0.88	\$1.18	\$0.30	34%

Schedule No. 2
Residential Flat Rates

Service Meter Size	Current	Proposed Rate	Change	
			\$	%
No meters	\$12.45	\$15.27	\$2.82	23%

**Schedule No. 3
Irrigation Metered Rates**

Service Meter Size	Current	Proposed Rate	Change		
			\$	%	
5/8 x 3/4	6.35	\$11.80	\$5.45	86%	
1	15.88	\$29.50	\$13.62	86%	
1 1/2	31.76	\$58.99	\$27.23	86%	
2	50.81	\$94.38	\$43.57	86%	
3	104.81	\$188.75	\$83.94	80%	
Commodity Rate		Proposed Rate	Change		
		Current	\$	%	
All meter sizes (\$/1,000 gallons)		\$0.42	\$1.18	\$0.76	181%

**Schedule No. 4
Non-potable Irrigation Metered Rates**

Service Meter Size	Current	Proposed Rate	Change		
			\$	%	
3	995.59	\$1,014.41	\$18.82	2%	
Commodity Rate		Proposed Rate	Change		
		Current	\$	%	
All meter sizes (\$/1,000 gallons)		\$0.50	\$0.51	\$0.01	2%

**Schedule No. 5
 Fire Protection Rates**

Service Meter Size	Current	Proposed Rate	Change	
			\$	%
2	\$4.00	\$9.44	\$5.44	136%
3	\$6.55	\$18.88	\$12.33	188%
4	\$10.50	\$29.49	\$18.99	181%
6	\$15.90	\$58.98	\$43.08	271%
8	\$26.45	\$94.37	\$67.92	257%

Note: The proposed charge by meter size is based on current AWWA equivalents; the current is an unknown base.

Attachment Table 9 Sunriver and AWWA Meter Equivalencies

Sunriver Current	Meter Size	AWWA Meter Equivalencies							
		Displacement Meters				Turbine-Type Meters			
		Displacement Meters		Compound Meters		Vertical-Shaft Low-Velocity		In-Line High-Velocity	
		gpm	5/8" equivalents	gpm	5/8" equivalents	gpm	5/8" equivalents	gpm	5/8" equivalents
1.00	5/8 x 3/4	20	1						
2.50	1	50	2 1/2						
5.00	1 1/2	100	5						
8.00	2	160	8						
16.50	3			320	16	350	17 1/2	350	17 1/2
25.00	4			500	25	600	30	630	31 1/2
50.00	6			1000	50	1250	62 1/2	1400	70
80.00	8			1600	80	1800	90	2400	120

Source: AWWA Standards for Cold-Water Meters—Displacement Type, Bronze Main Case (C700-90) and C702-86 for Compound Type. Sunriver Water, LLC installs Displacement type meters for those under 3-inches in diameter and compound type for those 3-inches and over.

Attachment Table 10 Personnel and Wage Rates

Hrs / Month	JOB TITLE	TYPE	DEPART- MENT	NAME	<u>\$/Hr. or \$/Month</u>			Type	Annual Direct Salary	Annual SR Water Utility Salary
					2005 Wage Rates	2006 Wage Rates	% Increase			
86 1/2	USO1	FN	516890	Carlton, Andy	15.75	18.11	15.0%	Hourly	37,668.80	18,834.40
86 1/2	USO2	FN	521890	Clark, Bruce E.	19.65	20.63	5.0%	Hourly	42,910.40	21,455.20
136	USO1	FN	514890	Daggett, Daniel	17.2	19.78	15.0%	Hourly	41,142.40	32,343.16
161	Accounts Receivable	FN	523890	Daggett, Heather R	13.9	14.95	7.6%	Hourly	31,096.00	28,939.05
140	Utility Superintendent	FE	514060	Grafton, Jeffrey L.	5,470.00	5,743.50	5.0%	Salary	68,922.00	55,775.03
20	USO1	FN	523890	Holmgren, Joseph	16.85	19.38	15.0%	Hourly	40,310.40	4,660.16
80	USO1	FN	514890	Hutter, Gary	15.75	18.11	15.0%	Hourly	37,668.80	17,419.10
138	Admin Asst	FN	533180	Nowell, Carol	12	14.5	20.8%	Hourly	30,160.00	24,058.27
118	Director	FE	533020	Penhollow, Terry D.	6,760.00	6,760.00	0.0%	Salary	81,120.00	55,330.40
13 1/3	Wastewater Superintendent	FE	523060	Penhollow, Todd M.	4,657.60	5,356.24	15.0%	Salary	64,274.88	4,941.36
136	USO1	FN	516890	Wooden, Jeremiah	14.5	17.5	20.7%	Hourly	36,400.00	28,615.03
40	USO1	FN	523890	Wyma, Joshua	15.25	17.54	15.0%	Hourly	36,483.20	8,435.42
136	USO1	FN	516890	Yeoman, Steve C.	15	17.25	15.0%	Hourly	35,880.00	28,206.24
50 1/2	Utility Worker*	FN	514890	Preston, Bryan	12.36	15	21.4%	Hourly	31,200.00	9,100.30
86 1/2	USO1	FE		Vacant		16.00			33,280.00	16,640.00
Annual									648,516.88	354,753.12

Attachment Table 11 Personnel Benefits and Hourly Rates

Hrs / Month	JOB TITLE	Benefits--Health Insurance per month				Pensions per month				Total \$ / Hourly or Monthly	Annual SR Water Utility Salaries & Wages	Employer Taxes	Annual SR Salaries, Wages, & Taxes	Hourly Rates
		Ins Ded	Ins SR Utilities	Sub- total Full Time per Month	Monthly SR Water Utility	401K Deduction	401k Match	Sub- total Full Time Per Month	Monthly SR Water Utility Match					
86 1/2	USO1	32	285	317	159	6.0%	4.0%	313	63	21.75	21,489	2,302	\$23,791	\$22.92
86 1/2	USO2	91	823	914	457	5.0%	4.0%	321	71	27.77	27,797	2,961	\$30,758	\$29.63
136	USO1	58	526	585	460	5.0%	4.0%	308	108	24.94	39,149	3,835	\$42,984	\$26.34
161	Accounts Receivable	32	285	317	295	5.0%	4.0%	233	96	18.13	33,636	3,413	\$37,049	\$19.18
140	Utility Superintendent				-	8.0%	4.0%	689	186	6,432.72	58,006	5,277	\$63,284	\$37.67
20	USO1				-	5.0%	4.0%	302	16	21.12	4,846	545	\$5,391	\$22.46
80	USO1	65	582	647	299	5.0%	4.0%	282	58	23.48	21,704	2,324	\$24,028	\$25.03
138	Admin Asst	32	285	317	253					16.33	27,094	2,887	\$29,981	\$18.10
118	Director	65	582	647	441	15.0%	4.0%	1,284	184	8,691.24	62,838	5,647	\$68,485	\$48.37
13 1/3	Wastewater Superintendent	32	285	317	24	15.0%	4.0%	1,018	16	6,691.08	5,432	611	\$6,043	\$37.86
136	USO1	58	526	585	460					20.88	34,130	3,451	\$37,581	\$23.03
40	USO1	91	823	914	211					22.82	10,972	1,203	\$12,175	\$25.36
136	USO1	32	285	317	249	6.0%	4.0%	298	94	20.81	32,324	3,313	\$35,637	\$21.84
50 1/2	Utility Worker*										9,100	1,007	\$10,107	\$16.69
86 1/2	USO1	91	823	914	457	5.0%	4.0%	249	55	22.72	22,790	2,438	\$25,228	\$24.30
	Monthly	588	5,289	5,877	3,766	4,021	1,277	5,298	947		34,276	3,434	37,710	\$209.50
	Annual	7,053	63,473	70,526	45,187	48,253	15,321	63,574	11,369		411,308	41,214	452,522	

Attachment Table 12 Personnel Taxes

Hrs / Month	JOB TITLE	Futa	Soc Sec	Suta	Medicare	Total
86 1/2	USO1	56	1,332	602	312	2,302
86 1/2	USO2	56	1,723	778	403	2,961
136	USO1	56	2,427	784	568	3,835
161	Accounts Receivable	56	2,085	784	488	3,413
140	Utility Superintendent	56	3,596	784	841	5,277
20	USO1	39	300	136	70	545
80	USO1	56	1,346	608	315	2,324
138	Admin Asst	56	1,680	759	393	2,887
118	Director	56	3,896	784	911	5,647
13 1/3	Wastewater Superintendent	43	337	152	79	611
136	USO1	56	2,116	784	495	3,451
40	USO1	56	680	307	159	1,203
136	USO1	56	2,004	784	469	3,313
50 1/2	Utility Worker*	56	564	255	132	1,007
86 1/2	USO1	56	1,413	638	330	2,438
	Annual	810	25,501	8,938	5,964	41,214

Attachment Table 13 Recorded Water Pressure and Quality Complaints

DATE	NAME	ADDRESS	DESCRIPTION
6/11/2002	Al Funston	2 Aspen	Water Pressure Complaint
5/30/2003	Bob Foster	Meadow Village	Green Water
6/28/2003	D. Ritter	13 Duck Pond	Low Water Pressure
7/6/2003	Bob Foster	Pinebough Area	Green, Oily Water
7/19/2003	Bob Foster	Circle 4 Ranch	Dirty, Cloudy, Soapy Looking Water
7/20/2003	Bob Foster	The Meadow	Green, Oily, Sticky Water
7/29/2003	Bob Foster	Meadow (Trapper)	Green Water Again
10/17/2003	Janet Yost	5 Woodland	Chlorine In Water
10/22/2004	Susan Dingle	12 Maury Mtn	No Water
10/26/2004	Richard Cockran	16 Tennis Village	No Water
6/16/2005	John Fedrizzi	7 Plover	Muddy Water
7/2/2005	Bob Foster	Meadow Village	Green Water In Hot Tubs
7/11/2005	Bob Foster	Meadow Village	Slimy Green Water
10/5/2005	Olson	1 Prostaff	Cloudy Water Coming Out Of Faucet
6/29/2006	Lariane	20 Canoe Camp	Water Is Cloudy
6/30/2006	Jen @ Crosswater Hoa	17539 Canoe Camp	Cloudy Water, Load Of Laundry Ruined
7/11/2006	Bob Foster	Pathfinder	Well 12 Is Making Water Green

Note: Bob Foster owns Tubs Alive and does regular maintenance on many hot tubs in Sunriver. The list includes any water complaints that have been documented in our Complaint book from 2002-2006.

**BEFORE THE PUBLIC UTILITY COMMISSION
OF THE STATE OF OREGON**

SUNRIVER WATER, LLC

ATTACHMENT B

**ANNOUNCEMENT OF PROPOSED CHANGES TO WATER SERVICE
RATE TARIFFS FILED WITH THE PUC**

[DATE]

SUNRIVER WATER, LLC submitted a general rate filing to the Commission on **AUGUST 22, 2006**. The utility is requesting a change in total annual revenues of \$501,335 or 55%. The purpose of this announcement is to provide customers with general information regarding the water utility's proposed tariffs and the effect the filing may have on the customers.

The current and proposed average monthly rates are:

CUSTOMER CLASS	CURRENT AVERAGE MONTHLY RATE	PROPOSED AVERAGE MONTHLY RATE
Residential 5/8" x 3/4" meter	\$11.82	\$19.00
Commercial 1" meter	\$39.45	\$60.77
Irrigation 1" meter	\$42.07	\$103.07
Fire Protection (2-inch meter)	\$4.00	\$9.44

1. **SUNRIVER WATER, LLC** is seeking the above changes (increase or decrease) in rates because of:

investment in new plant and equipment and increasing operating costs, particularly for labor. Also, fire hydrant costs (422 public fire hydrants) of approximately \$80,518 will no longer be charged to owners' associations but will instead be folded into the base rates of water users.

2. Copies of the utility's application, testimony, and exhibits are available at:

**Sunriver Water, LLC
57850 W. Cascade Road
Sunriver, OR 97707**

3. **SUNRIVER WATER, LLC** can provide additional information about the rate filing. If you are interested please contact:

**Tom Keith
Sunriver Water, LLC
PO Box 3699
Sunriver, OR 97707
(541) 593-4197**

4. To request to receive notices of the time and place of hearings on the matter, contact the PUC at 1-800-522-2404; TTY 711, or mail request to:

**Public Utility Commission of Oregon
Administrative Hearings Division
PO Box 2148
Salem OR 97308-2148**

5. The Commission is located at:

550 Capitol Street NE, Suite 215, in Salem, Oregon

6. The calculations and statements contained in the water utility's announcement and filing are not binding on the Commission.

cc: PUC Administrative Hearings Division, PO Box 2148, Salem OR 97308-2148

[ATTACH A COPY OF NOTICE, NEWSPAPER NOTICE, OR AFFIDAVIT OF NOTICE]

**BEFORE THE PUBLIC UTILITY COMMISSION
OF THE STATE OF OREGON**

SUNRIVER WATER, LLC

ATTACHMENT Q.18

Sunriver Water LLC Management Agreement

This Management Agreement (Agreement) is made by and between Sunriver Resort Limited Partnership, a Delaware limited partnership (Manager), and Sunriver Water LLC, an Oregon limited liability corporation (Company), and shall upon the execution hereof by the parties constitute the sole agreement between the parties with respect to management of the Company located in Sunriver, in Deschutes County, Oregon.

Agreements:

- I. Sunriver Resort Limited Partnership Designated Managing Agent for the Company
 - a. The Manager is hereby designated as “Managing Agent” for the Company and shall exercise such authority and assume such responsibility as is required under this Agreement. The specific duties of the Manager, in addition to those required by law are as set forth in this Agreement and in the addendum hereto.

- II. Duties of Sunriver Resort Limited Partnership
 - a. The duties of the Manager shall include the following:
 1. Manager shall provide financial management and control of all funds of the Company, shall take custody of all monies and shall accurately account therefore to the Company.
 2. The Manager shall maintain all bank accounts for the Company.
 3. The Manager shall prepare interim Financial Statements for each month of the year for the Company and annual Financial Statements as required.
 4. The Manager shall prepare budgets for the Company which will be presented for approval to the owners of the Company.
 5. The Manager shall supervise those persons engaged in the day-to-day operations of the Company.
 6. A more detailed list of financial related duties and other duties to be performed by the Manager is set forth in the “Addendum of Responsibilities” attached to this Agreement and made a part hereof by reference (Addendum).

- III. Employment Management
 - a. The Manager will advise the Company with regard to hiring and personnel matters and procedures for compliance with legal requirements regarding personnel, and shall perform such duties in connection with personnel matters as shall be requested from time to time by the Company. The Manager will maintain employee records; submit payroll reports and process payroll for the Company.
 - b. The Company agrees to reimburse the Manager for all the actual costs of the wages and benefits (including holiday pay, sick pay, vacation pay, insurance costs, workers’ compensation insurance and other employee

benefits) provided by the Manager to its employees, necessary to perform the duties required to operate the Company.

IV. Annual Meeting and Minutes

- a. The Manager will provide assistance to the Company in preparation for the quarterly meeting of the member of the Company. Manager will assist in preparation of the meeting notice, agenda and other proper requirements for conduct of the meeting. Manager shall maintain minutes and other records for the Company.

V. Contracting and Insurance

- a. The Manager shall be authorized to sign contracts on behalf of the Company to the extent authorized by the owner.
- b. Manager will be specifically named as an additional insured on the Company's insurance policies. In the event of cancellation or termination or modification or non-renewal of the aforementioned insurance, notification of such cancellation will be provided to the Manager and the Company at least thirty (30) days prior to its cancellation. The Company shall obtain, at Company's expense, a fidelity bond covering Manager's employees responsible for handling the Company's funds.

VI. Indemnification

- a. Where the Manager has acted in its capacity as consultant or agent of the Company in any of the Company's business, and has thereby become subjected to claims or liabilities related to the conduct of the Company's business, the Company shall hold the Manager harmless and defend and indemnify the Manager against any and all such claims including reasonable attorneys' fees so incurred by the Manager, provided, however, that no such saving harmless or indemnity shall extend to any such claim from which it has been determined by a court of competent jurisdiction that the claim has arisen from a reckless or willful breach of this agreement by the Manager (or any officer, employee or agent of the Manager) or from reckless or willful failure by the Manager (or any officer, employee or agent of Manager) to carry out the business of the Company in a prudent, faithful and diligent manner.

VII. Term of Agreement; Fees

- a. The initial term of this agreement shall be from July 1, 2002 to December 31, 2011 and shall automatically renew for successive five-year periods after December 31, 2011 unless either party elects not to renew this Agreement for the subsequent period by providing written notice of non-renewal of this agreement no earlier than August 1 nor later than October 1 of that calendar year preceding the termination of the term of the Agreement. In the event a party timely provides written notice of non-renewal of this Agreement to the other party, then this Agreement shall terminate on December 31 of the calendar year in which the notice was timely provided.

- b. The Company shall pay the Manager fees for the Manager's work as set forth in this Agreement (Management Fee).
- c. The Management Fee shall be on account of (i) those management activities performed by the Manager as set forth in Article II and the Addendum, such as, without limitation, administration of the Company's affairs by collecting revenues, maintaining a schedule of repairs and capital improvements, implementing budgets, providing notices, attending meetings, and taking minutes (collectively, the "Management Services"), and (ii) those accounting activities performed by the Manager as set forth in Article II and the Addendum, such as, without limitation, recording and maintaining the Company accounts, preparing financial statements, and providing financial information for the preparation of budgets (collectively, the "Financial Services"). Management Fees are for the twelve-month period ended December 31 each year. The management fee for the period July 1, 2002 through December 31, 2002 will be \$53,478, which will be paid, in monthly installments of \$8,913 each. The Management Fee for the calendar year beginning January 1, 2003 will be as follows:

Accounting Services and Costs	\$33,165
Officer Costs	\$60,083
Other Administrative, HR, IT Costs	\$16,916
Total Annualized Management Fee	\$110,164

The Management Fee shall be paid by the Company in equal monthly installments of \$9,180 which shall be paid on or before the tenth (10th) day of each month following the month in which services are rendered. The Management Fee shall increase on each January 1 during the term of this Agreement for the subsequent calendar year by an amount that is determined by mutual agreement of the Company and the Manager; provided that such increase shall in no event be less than three percent (3%) nor more than seven percent (7%) of the then existing Management Fee provided the relative change in the Consumer Price Index from January 1 of the previous year does not exceed 7%. Should the Consumer Price Index relative change from January 1 of the previous year exceed 7%, the Management Fee could be increased by the amount of that relative change upon mutual agreement between the Company and the Manager.

- VIII. Termination for Cause. If the Manager shall materially breach this Agreement or materially breach its fiduciary duty as an agent under this Agreement, the Company shall have the right to terminate this Agreement by providing written notice to Manager of such breach, subject to Manager's rights to cure as set forth below, and, in the event of all uncured material breach, to order all funds of the Company to be turned over by the Manager to the Company's own officers; provided that the Manager shall be indemnified by the Company for any loss caused to the Company related to or resulting from such termination. In exercising the power to terminate under this Agreement, the Company shall state the exact nature of the Manager's material breach of this Agreement or of Manager's fiduciary duty as an agent under this Agreement in a written notice provided to Manager, and Manager shall have sixty (60) days after receipt of such notice to cure the breach. If the material breach is of such a nature that it cannot be completely cured within the 60 day period, this Agreement shall not be subject

to termination so long as the Manager commences the cure of the breach within the 20 day period and thereafter proceeds diligently and in good faith to effect the cure as soon as practicable. In the event of a valid termination of this Agreement, the Company shall pay to Manager all of the Management Fee that is due and owing through the effective date of such termination.

IX. Disclosure of Financial Interest

- a. Sunriver Resort Limited Partnership owns 100% of the equity interest of Sunriver Water LLC.

X. Miscellaneous

- a. This Agreement shall be governed by and construed under the laws of the State of Oregon.
- b. Notices given by the Manager to the Company pursuant to this Agreement shall be delivered in person or by certified mail by the Manager to any officer of the Company to PO Box 3699, Sunriver, Oregon 97707, or to the Company office at 57850 W. Cascade Rd., Sunriver, Oregon; and by the Company to the Manager shall be delivered in person or by certified mail to PO Box 3609, Sunriver, Oregon 97707, or to the Manager's corporate offices located in Sunriver, Oregon, to any officer of the Manager.
- c. Neither party shall assign its rights under this Agreement without the other's prior written consent. The provisions of this Agreement shall be binding upon and shall inure to the benefit of the parties hereto, and their respective successors and permitted assigns, if any.
- d. Manager and Company are the only parties to this Agreement and are the only parties entitled to enforce its terms. Nothing in this Agreement gives, is intended to give, or shall be construed to give or provide, any benefit or right, directly or otherwise, to third persons unless such third persons are individually identified by name herein and expressly described as intended beneficiaries of the terms of the Agreement.
- e. If any term or provision of this Agreement is declared by a court of competent jurisdiction to be illegal or in conflict with any law, the validity of the remaining terms and provisions shall not be affected and the rights and obligations of the parties shall be construed and enforced as if the Agreement did not contain the particular provision held to be invalid.
- f. No modification or waiver of any of the provisions, or any future representation, promise, or addition, shall be binding upon the parties unless made in writing and signed by the parties. The terms of this Agreement shall not be waived, altered, modified, supplemented or amended in any manner whatsoever, without the written agreement of the parties.
- g. The relationship between the parties contemplated by this Agreement is that of independent entities. Nothing stated in this Agreement shall be construed as creating a partnership or joint venture between Manager and Company or creating the relationship of employer and employee.

Manager is an independent contractor of the Company in accordance with ORS 670.600.

- h. This Agreement, including the addendum, constitutes the entire agreement between the parties. There are no understandings, agreements, or representations, oral or written, not specified herein regarding this Agreement.
- i. All provisions of this Agreement the full performance of which is not required prior to termination (including, without limitation, Article VI) and all dispute resolution provisions shall survive termination and be fully enforceable thereafter.

This Agreement is made this 24th day of July, 2002.

Sunriver Water LLC

By: Sunriver Resort LP

By: Lowe Sunriver, Inc. - General Partner

By: 
Del E. Goehring, Vice President

Sunriver Resort Limited Partnership

By: Lowe Sunriver, Inc. - General Partner

By: 
Tom Luersen, Executive Vice President

MANAGEMENT AGREEMENT BETWEEN
SUNRIVER WATER LLC AND
SUNRIVER RESORT L.P.

Addendum of Responsibilities

1. Prepare annual budgets.
2. Prepare monthly forecasts.
3. Provide cash management of funds of the Company.
 - a. Administer financing as required
 - b. Manage debt repayment and compliance with banking institutions as required
4. Prepare financial reports for the owner monthly which shall include:
 - a. Balance sheet and related income statements
 - b. Statement of cash flow including itemization of all cash disbursements
 - c. Report of status of capital expenditures
5. Maintain employee payroll records and prepare all government reports.
 - a. Calculate and pay all payroll and payroll-related taxes and benefits
 - b. Produce and submit all Federal, state, and local government reporting of employee status
 - c. Maintain permanent records of all employees and employee related taxes and benefits
6. Assist Company's auditors in conducting the annual outside audit by providing:
 - a. Confirmation of bank accounts
 - b. Schedules of prepayments, delinquencies and reconciliations
 - c. Listing of all capital expenditures
 - d. Provide such other accounting records as the auditor may require
7. Prepare all financial reports required by the PUC.
 - a. Prepare periodic reports as required by the PUC
 - b. Manage rate application process
8. Provide on demand and preventative maintenance support for all information systems.
 - a. Maintain systems required for operations of the company
 - b. Install new systems as required
9. Provide management oversight for onsite accounting and clerical staff.
 - a. Evaluate existing staff
 - b. Evaluate new staff requirements as appropriate
10. Provide management oversight for director of operations and operations staff.
11. Direct long range planning for the Company.

**BEFORE THE PUBLIC UTILITY COMMISSION
OF THE STATE OF OREGON**

SUNRIVER WATER, LLC

ATTACHMENT Q.43

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 Sunriver Water, LLC. ~~SUNRIVER WATER.~~
- B. "Applicant" shall mean any person, business, or organization ~~whethat~~ 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 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.

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.

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 ~~premises~~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.

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.

Rule 10: 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 11: Main Line Advances and Refunds Policy

Each new customer requesting a main line extension shall advance the utility the cost-base amount necessary to extend the main line to provide service.

For a period of **5 years**~~YEARS~~ after construction of the requested main line extension, the utility shall also collect from any additional applicants whose service connections or service lines shall connect to said main line extension an amount per foot equal to the new applicant's proportionate share of the main line extension cost for that portion used. The utility will then refund the share differential amount to those customers who previously shared the cost of said main line extension. Refunds shall not exceed the amount originally advanced.

No part of the distribution system installed prior to the request for a main line extension shall be used to calculate any customer advance or refund.

Rule 12: 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 13: Multiple Residences

An apartment building, ~~Mobile Home Park~~mobile home park, motel, trailer camp, 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 14: 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 15: 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 16: 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; ~~or~~and
- 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 17: 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 ~~830~~860-036-0025.

Rule 18: 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 19: 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.

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 20: 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 21: 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.

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 22: Billing Information/Late-Payment Charge (OAR 860-036-0120, OAR 860-036-0125 and OAR 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 INTERVALS 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** 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.

Rule 23: 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 24: 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 25: Adjustment of Bills (860-036-0135)

When an underbilling 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 underbilling 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 underbilling, 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.

DISCONNECTION OF WATER SERVICE

Rule 26: 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 27: 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 28: 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 delinquent² (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)

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 29: 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 30: 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 31: 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 32: 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.

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 33: 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 34: 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 35: 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 36: 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 37: Water Purity (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 ~~such tests~~ 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 38: Water Pressure (OAR 860-036-0315)

~~The~~ 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 39: 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 40: 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 bibb or other reasonable point likely to best reflect the actual service pressure.

Rule 41: 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 42: 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.

~~Rules~~ Rule 43: Cross Connection Control/Backflow Prevention Program

~~Insert the company's cross-connection/ backflow prevention program as required by law.~~

~~The utility will keep on file its current cross-connection control program as required by the Oregon Human Resources Health Services Division. The utility is responsible to determine what constitutes a cross-connection hazard and what type of backflow prevention assembly required to remedy that hazard. The utility shall apply this standard to all customers nondiscriminately. To require a customer to install and test a backflow prevention assembly, the utility must first notify the customer in writing, identifying the cross-connection hazard and the type of backflow prevention assembly required. The utility shall inform the customer that he/she is entitled to choose any qualified person to install and/or test the backflow prevention assembly and must provide the customer with a current list of certified backflow prevention assembly testers in the general area. The utility (if certified) may offer its own installation and testing services to the customer; however, the utility shall inform the customer that he/she is not obligated in any way to use the utility's services. When a backflow prevention assembly is required by the utility, the customer is responsible for its installation and annual testing by a~~

~~certified tester. Failure to install and/or test a required backflow prevention assembly is grounds for disconnection. The utility shall keep a record of all backflow prevention assembly installations and tests.~~

See attached Sunriver Environmental LLC / Sunriver Water LLC Cross Connection Regulations.

Sunriver Water, LLC
Exhibit No. SW-1
Witness: Raymond J. Bartlett

BEFORE THE PUBLIC UTILITY COMMISSION
OF THE STATE OF OREGON

SUNRIVER WATER, LLC

Direct Testimony of Raymond J. Bartlett

August 2006

1 Q. Please state your name, your business and business address.

2 A. I am Raymond J. Bartlett, Economic & Financial Analysis, 1409 Franklin, Suite 201,
3 Vancouver, WA 98685.

4 Q. Mr. Bartlett, what is your profession?

5 A. Economist. Appended to my testimony is a brief vita of my business and professional
6 experience. *See* Exhibit SW-2.

7 Q. What has been your role in developing the Applicant's, Sunriver Water LLC
8 ("Sunriver"), general rate increase application?

9 A. I have been retained by Sunriver to assist with and prepare this rate filing.

10 Q. What is the purpose of your testimony?

11 A. I am sponsoring testimony addressing all ratemaking issues associated with this
12 application, Sunriver's general rate case filing.

13 Q. How will you present Sunriver's case?

14 A. I will summarize the relief requested by Sunriver. I will address increases in operating
15 expenses and utility plant and depreciation expenses, describe the construction work in
16 progress, and explain changes that are being proposed to Sunriver's rate structure.

17 **Summary of Relief Requested**

18 Q. Please summarize Sunriver's filing.

19 A. Sunriver seeks Commission issuance of an order determining that an appropriate revenue
20 requirement for the water utility is \$1,412,223. This represents a 55 percent increase
21 over current annual revenues, adjusted for load growth, of \$501,335. Sunriver's current
22 rates are composed of a base monthly charge and a volumetric charge per 1000 gallons

1 for water usage. Sunriver's proposed rates would change the level of current monthly
2 basic charges and volumetric charges for each customer class.

3 **Total Operating Expenses**

4 Q. What adjustments are proposed to the Total Operating Expenses realized in the test year
5 of 2005?

6 A. There are three primary adjustments; (1) labor and labor-related costs, (2) motor fuel
7 costs, and (3) management agreement costs.

8 Q. Why have labor and labor-related costs increased?

9 A. Sunriver has had trouble holding onto trained staff and has suffered lengthy job position
10 vacancies after an employee departs. The Company completed a wage and salary survey
11 in 2005. The Company by and large implemented the recommendations contained in the
12 Study.

13 Q. What is the amount of the increase in labor and labor-related costs?

14 A. Attachment A Tables 10 through 12 show the new wage and benefit rates. These tables
15 also show the increases in the Company's share of increased federal and state
16 employment taxes. As a result of increasing salaries and wages, increasing benefits rates,
17 higher payroll taxes, and higher workers compensation payments, the total Salaries and
18 Wages – Employees (line item 601) increases approximately \$79,200, Employee
19 Pensions and Benefits (604), which include increased payroll taxes, increases
20 approximately \$43,650, and Insurance-Workers Compensation (658) increase
21 approximately \$11,210. Thus, and labor-related expenses increase \$134,060 of the total
22 increase in operating expenses of \$139,241.

23 Q. What is the amount of the increase in motor fuel costs?

1 Fuel costs increased 5.5 percent since 2005, as shown in the following table. Most of the
2 large increases in motor fuel costs occurred in 2005. This increase amounts to \$1,548 per
3 year.

4 **Table 1 Motor Fuel Costs**

	Gallons Used	Average Price per Gallon (Weighted by \$/Gallons)	
Gasoline			
2005	9,753.30		\$2.44
2006	2,598.50		\$2.51
\$ Increase			\$0.07
% Change			2.9%
Diesel			
2005	6,257.20		\$2.07
2006	3,223.40		\$2.27
\$ Increase			\$0.20
% Change			9.5%
Weighted Average Fuel Prices			5.5%

5 Q. What is the amount of the increase in management agreement costs?

6 A. The management agreement between Sunriver Water LLC and its parent corporation
7 allows for an annual adjustment for inflation, which was 3 percent in 2006. This
8 adjustment adds \$3,645 per year to the contract cost.

9 **Utility Plant and Depreciation Expenses**

10 Q. What adjustments are proposed to the Utility Plant and Depreciation Expenses realized in
11 the test year of 2005?

12 A. Since the last rate case, based on assets in service as of 2001, the Company has added
13 new fixed assets in the amount of \$580,865.91. New communications equipment,
14 maintenance equipment, vehicles and replacement of outdated and inefficient pumps

1 accounted for most of these new assets. The remaining new assets are a new utility
2 billing program and a new remote read metering system.

3 Q. Why has Sunriver added a new remote read metering system?

4 A. A remote-read metering system will be started this year on all new connections and over
5 the next few years all meters will be modified to allow remote reading. This system will
6 eliminate the problem of not begin able to read meters in winter when snow covers the
7 meter boxes. Presently only estimated bills can be sent in winter months resulting in
8 large make-up charges in the spring when meters can once again be read.

9 **Construction Work in Progress**

10 Q. Does Sunriver's proposal include any construction work in progress?

11 A. Yes. The Company is currently underway with Construction Work in Process (CWIP) of
12 an estimated \$1,404,500. Most of the cost is for a new well (#14) and associated
13 pumping, piping, telemetry and control equipment. A list of construction work in
14 progress is provided in Attachment A, Table 2. The new well will replace existing
15 well #12, which has water coloration problems that make its water undesirable for
16 domestic uses. The existing well #12 will be segregated from the domestic water system
17 and used only for non-potable irrigation. Domestic water rights have been transferred
18 from well #12 to well #14 and irrigation-only water rights have been transferred to
19 well #12.

20 Q. When does Sunriver anticipate that this cost of construction work in progress will be
21 completed and in service?

22 A. Prior to January 1, 2007.

1 Q. How does Sunriver propose to deal with the costs of this construction work in progress in
2 the current rate case?

3 A. Operating costs may not change because the amount of total water being pumped will not
4 change. For construction costs, Sunriver's parent company is paying for the capital
5 improvements and it expects to recoup their investment through annual depreciation and
6 a fair return on the investment, assumed to be 10 percent of the depreciated asset.
7 Sunriver expects that the costs of the construction work in progress will be fully realized
8 and determined as to amount prior to the effective date of the rate increase sought in this
9 application.

10 **Changes to Rate Structure**

11 Q. Once the new well is completed, will Sunriver be providing two different products, in
12 terms of water quality?

13 A. Yes. It will provide non-potable water from well #12 for irrigation use, only. It will
14 provide potable domestic water to all other customers, including to the golf course club
15 house.

16 Q. Will there be a physical separation in Sunriver's water delivery system that prevents
17 irrigation water from well #12 from mixing with potable water from the new well #14
18 and other existing potable-water wells?

19 A. Yes, the two systems will be physically separated.

20 Q. Do these two different water products have different costs associated with their usage?

21 A. Yes. Well #12 water will not be tested for chemicals or other possible pollutants required
22 by the State of Oregon Health Division. This well is not connected to a reservoir and
23 variation in water pressure is not a primary concern. The pressure zone for this well is

1 limited to pumping water into lakes on the golf course from which water is pumped for
2 irrigation. These irrigation pumps are owned and operated by the golf course. This
3 product will not use any of the existing distribution system that is used for domestic,
4 potable water delivery. The new well #14 and the other two wells currently in production
5 will be tested for pollutants and will be required to maintain near constant pipeline
6 pressure and reservoir levels as are needed to meet domestic demands and for fire flows.
7 This system will use all of Sunriver's existing distribution and storage system.

8 Q. Is it reasonable in your opinion for Sunriver to price these two products differently?

9 A. Yes, they should be priced differently. Sunriver's regulated prices are based on cost of
10 service. Cost of service is composed of operating and maintenance costs and capital
11 costs. Operating and maintenance costs for the irrigation system are limited by the single
12 well and pump, and by the limited distribution system. In addition, non-potable irrigation
13 requires only 2 monthly bills issued 7 months out of the year, which limits the amount of
14 administration needed for account maintenance and billing. The irrigation system will
15 serve only two 3-inch diameter meters. The domestic water system has to be much more
16 rigorously managed for water quality and pressure than does the irrigation system. Water
17 sold to domestic customers is generally delivered through miles of small pipes and small
18 meters that use small amounts of water per customer relative to the two 3-inch meters
19 used for irrigation. The small pipes and multitude of meters in the domestic system
20 require more investment and maintenance per million gallons of water sold than do the
21 large non-potable irrigation meters. Also, pressure in the domestic system has to be
22 maintained using a system of reservoirs and booster pumps, which are also used for fire
23 protection.

1 Q. How have the costs of the new well #14 been allocated in Sunriver's rate structure?

2 A. Attachment A, Tables 3 to 6, contain figures and tables with notes that show how costs
3 are allocated between non-potable irrigation and potable domestic water uses. The cost
4 of the new well has been allocated 100 percent to domestic water users.

5 Q. How have the costs of the well that has experienced water coloration problems been
6 allocated in Sunriver's rate structure?

7 A. As shown in the tables, 100 percent of the cost of well #12, the well with the water color
8 problems, is allocated to the non-potable irrigation system.

9 Q. Are there any shared components or facilities that are used for both non-potable irrigation
10 and domestic water uses?

11 A. Yes, (*See Attachment A*) primarily management and maintenance related capital assets,
12 such as rolling stock used to read and maintain meters, pipes, and well pumps, tools and
13 other equipment used for maintenance, and computer, building, office furniture used for
14 management, administration, and billing. These costs have been proportionately
15 allocated between users of the two separate systems.

16 Q. How have the depreciation expenses and the rate base for these shared components and
17 facilities been allocated in rates?

18 A. I used the percentage of non-potable irrigation fixed assets to total assets under
19 management (Sunriver Assets plus CIAC assets) at book value. The assets allocated
20 100 percent to non-potable irrigation are 4.31 percent of total assets under management,
21 this percentage is applied to the shared assets and added to the 4.31 percent, to arrive at
22 4.72 percent.

1 Q. Are there any shared expenses, such as operating and maintenance costs, that are shared
2 between the two systems?

3 A. Yes, both maintenance and administrative costs are shared. Attachment A, Table 6
4 shows the application of one of four percentages used to allocate operating costs between
5 the non-potable irrigation system and the domestic water system. Annual expenses are
6 allocated to non-potable irrigation based on 3 criteria (see next question) and shown in
7 the Allocation column: 0.6 percent of all $\frac{5}{8}$ x $\frac{3}{4}$ inch meter equivalents; 4.74 percent of
8 the book value of all fixed assets including CIAC and CWIP; 11.7 percent of all water
9 used per the test year; or 2.64 percent of the total Revenue Deductions (applied only to
10 working capital).

11 Q. How have these shared expenses been allocated between the two systems?

12 A. Expenses are allocated to the non-potable irrigation based on one of three criteria.
13 Specific cost records are not available for these separate systems; therefore, we used our
14 best judgment to allocate costs between the two systems using the following
15 methodology: Six-tenths of one percent (0.6 percent) of total Salaries and Wages (Acct
16 No 601) and all related expenses (604) and (658) are allocated to the non-potable
17 irrigation system. This percentage is the relative number of equivalent meters used for
18 non-potable irrigation. Since only one well with one pump and a very short and single
19 distribution line are used by this system, it requires little staff time and replacement parts.
20 Similarly we used 0.6 percent of all administration and billing costs (Acct Nos 619,
21 619.1, 620, 632, 634, 648, 650, 666, and 673). We allocated 4.74 percent of capital
22 related costs (Acct Nos 621, 631, 633, 636, 657, and 408). This percentage is the ratio of
23 total book value (including CIAC assets) used by the non-potable irrigation system

1 compared to total book value (including CIAC). The Purchased Power (615) is allocated
 2 11.7 percent to non-potable irrigation because it uses 11.7 percent of total water pumped.
 3 Four booster pumps are used to maintain line pressures and are most frequently used at
 4 times of high demand. Depreciation expense (403) and the rate base are determined by
 5 the annual depreciation and book value of assets used for non-potable irrigation. The
 6 non-potable irrigation system uses capital that is dedicated to its usage; therefore
 7 100 percent of such capital is allocated to this system. This system also uses assets, such
 8 as for administration, billing, vehicles for maintenance, and other operating equipment,
 9 that is shared by other users. These assets are allocated at 4.74 percent to the non-potable
 10 irrigation system, as explained in the answer to the previous question.

11 Q. Which customers qualify for the flat residential rate and how is this rate calculated?

12 A. Sunriver has 40 housing units that share 11 water meters. Because Sunriver cannot
 13 accurately bill each household for actual water usage, it assesses a fixed monthly charge
 14 to customers that share a meter. The fixed monthly charge equals the base rate for a
 15 5/8 x 3/4 -inch residential meter (\$11.80) plus a volumetric charge that is derived by
 16 multiplying the monthly average usage of customers on the flat rate (2,943 gallons), as
 17 shown in the table below, by the volumetric charge applicable to residential customers.

18 The flat rate is therefore $\$15.27 = \$11.80 + \$1.18 \times (2,943\text{g}/1,000\text{g})$.

	Mar.**	Apr.	May.	Jun.	Jul.	Aug.	Sep.	Oct.	Nov.	Dec.	Total.	Average
Flat Usage	310,130	90,700	83,380	102,610	148,330	189,900	181,870	90,080	55,000	0	1,252,000	
# of Customers	11	11	11	11	11	11	11	11	11	11	132	
# of Households		40	40	40	40	40	40	40	40			
Averages*		2,268	2,085	2,565	3,708	4,748	4,547	2,252	1,375			2,943

*Averages are based on April through November usage. Period of highest occupancy and monthly meter readings.

**March meter reading includes usage from winter months when snow covers meter boxes and cannot be read.

1 Q. Why has Sunriver proposed an 83 percent increase in the 3" residential and commercial
2 rates while proposing a 77 percent increase for other meter sizes?

3 A. The $\frac{5}{8}$ x $\frac{3}{4}$ inch meter equivalency used in the last rate case appears to have been wrong.
4 According to the AWWA, the meter equivalency for a 3-inch meter is 16, but the current
5 rates are based on an equivalency of 16.5. We corrected the error. Attachment A,
6 Table 9 shows the AWWA equivalencies for meter sizes.

7 Q. For domestic water customers using potable water, why do the proposed base and
8 commodity irrigation metered rates not increase by the same percentage as base and
9 commodity rates for all other potable water users?

10 A. The current rates are based on gross actual usage for a given test year by a particular user
11 class such as residential or irrigation. That is, the relative amount of water used in the
12 test year becomes the standard for setting rates; however, each class's proportionate share
13 of total water use changes from year to year. The proposed rates do not distinguish
14 customers by user class but by size of water meter. A given water meter size imposes the
15 same potential instantaneous demand for service regardless of who the user is; therefore,
16 the proposed rates reflect base rates and commodity charges that are equal for all
17 customers with an equivalent meter size regardless of customer classification. The
18 commodity rate for irrigation metered customers assumes that a gallon of potable water
19 produced for a 1-inch meter costs as much to produce as a gallon of water used by a
20 2-inch meter—the cost is the same regardless of who uses it. Therefore, the proposed
21 irrigation metered rates have been set equal to commercial and residential rates with
22 equivalent meter size.

1 Q. Please explain why Sunriver has proposed percentage increases for fire protection that
2 increase with meter size?

3 A. Current fire protection rates have not been changed since 1991. The proposed rates are
4 based on methods described in AWWA's Principles of Water Rates, Fees, and Charges
5 (AWWA M1, 5th Edition, 2000, pp 220-229). This method is based on an understanding
6 that an in-building fire sprinkler system uses no water except at the time of a fire, thereby
7 imposing only access and administration costs on a water utility. The 20 private sprinkler
8 systems served by Sunriver are unmetered and their usage has been de minimus. In the
9 proposed rates, each fire connection is assigned a value of 10 percent of the meter
10 equivalency with a minimum value of 1. This provides a base rate per meter equivalency
11 that is then allocated to the fire connections based on relative meter sizes, which is equal
12 to 10 percent of the base rates by meter size.

13 Q. Does this conclude your testimony?

14 A. Yes.

Sunriver Water, LLC
Exhibit No. SW-2
Witness: Raymond J. Bartlett

BEFORE THE PUBLIC UTILITY COMMISSION
OF THE STATE OF OREGON

SUNRIVER WATER, LLC

Exhibit Accompanying
Direct Testimony of Raymond J. Bartlett

August 2006

ECONOMIC & FINANCIAL ANALYSIS

RAYMOND J. BARTLETT

EDUCATION

1985 M.S., Economics, Portland State University
1970 B.A., Economics, minor Mathematics, Eastern Washington State University

EMPLOYMENT

1991- Owner Economic & Financial Analysis
1993 Project Manager, ASCG, Inc.
1987 Adjunct Professor of Economics, International Affairs, Lewis & Clark College
1985 Adjunct Professor of Economics, Economics Department, Lewis & Clark College
1984 Adjunct Professor of Economics, The Evergreen State College
1981-91 Economist and Project Manager, ECO Northwest
1978-81 Urban Economist, Metropolitan Service District (Metro), Portland, OR
1974-78 Project Director, Pacific Northwest Regional Commission, Vancouver, Washington

SERVICES

Economic and Financial Analysis serves both public- and private-sector clients. For public-sector clients, EFA specializes in financial planning, issuing debt, utility rates and fees, including systems development charges, and analyses of income, property, and excise taxes. For private-sector clients, EPA specializes in pricing and utility rates, business planning, and market analysis.

Sunriver Water, LLC
Exhibit No. SW-3
Witness: Terry Penhollow

BEFORE THE PUBLIC UTILITY COMMISSION
OF THE STATE OF OREGON

SUNRIVER WATER, LLC

Direct Testimony of Terry Penhollow

August 2006

1 Q. Please state your name, your business and business address.

2 A. I am Terry Penhollow, PO Box 3699, Sunriver, OR 97707.

3 Q. Mr. Penhollow, what is your profession?

4 A. Director of Sunriver Water, LLC.

5 Q. What is the purpose of your testimony?

6 A. I will address the problems Sunriver Water, LLC ("Sunriver") has experienced with
7 water quality and water pressure and explain the steps Sunriver has taken to remedy these
8 problems. I will also explain why Sunriver is proposing an increase in employee salaries
9 and benefits.

10 **Water Quality and Pressure Problems**

11 Q. Has Sunriver had any problems with water quality or water pressure in its present
12 system?

13 A. Yes.

14 Q. Please describe the problems Sunriver has experienced regarding water pressure.

15 A. As irrigation demand at Crosswater golf course increases, water pressure in the domestic
16 water delivery system decreases. Until we build a new reservoir, which is planned for
17 sometime in the next few years, we want to eliminate the impact of Crosswater's
18 irrigation demands on the domestic water supply during the peak summer season so that
19 we can maintain adequate water pressure in the domestic water system.

20 Q. Does Sunriver have any documentation of this water pressure problem?

21 A. Yes. Complaints are documented in Attachment A, Table 13.

22 Q. Was this water pressure problem raised in Sunriver's last rate case?

23 A. Yes.

1 Q. Please describe the problems Sunriver has experienced regarding water quality.

2 A. We have water quality problems when well #12 is running (well #12 is located in the
3 northeast corner of Crosswater). This has created long range planning problems because
4 we can't count on the quality of the water from well #12 when we need to use our
5 2000 gpm water right. Well #12 has been a problem since it was brought on line in 1995
6 and pumped thousands of gallons of gray-green sediment into the water mains. We
7 flushed the mains and continued to pump from Well #12 for the past 10 years. However,
8 we have received numerous calls from home owners and spa technicians regarding the
9 color of water we deliver from this well.

10 Q. Does Sunriver have any documentation of this water quality problem?

11 A. Yes. Complaints are documented in Attachment A, Table 13.

12 Q. Was this water quality problem an issue in Sunriver's last rate case?

13 A. Yes.

14 Q. How has Sunriver sought to remedy these water quality and pressure problems?

15 A. We studied this problem for several years and concluded that if we separated well #12
16 from the domestic water system and used that well to supply all golf course irrigation
17 then the expense of drilling and developing that well would not be lost and by using the
18 well for irrigation, the water quality problems associated with well #12 would not be an
19 issue. In addition, taking Crosswater golf irrigation away from the reservoirs and out of
20 the domestic system allows water pressure in the rest of the system to remain more
21 constant and reliable for the consumer. Also, fire flows would be more stable for fighting
22 fires by not having 500 to 600 gpm flowing from the reservoirs and domestic systems.

23 Q. How does adding a new well address the water quality problem?

1 A. The new well has been drilled to a depth of 550 feet and has a very high water bearing
2 zone from the 400' depth to 550' depth. This water is outside of the depth where we
3 think the colored water is coming from at the well #12 site. We are placing a screen at
4 the bottom of the well from 400' down and solid casing above 400' so this should
5 alleviate water quality issues from the upper levels.

6 Q. Does the replacement of well #12 in the domestic water system with a new well address
7 the water pressure problem?

8 A. Yes. By dedicating well #12 to meet all golf course irrigation needs, we segregate golf
9 course irrigation from the domestic water system, which helps to maintain water pressure
10 at peak demand periods. This segregation also provides for greater fire flows by
11 removing 500 to 600 gpm flow during the peak fire season.

12 Q. Were any alternative solutions explored besides drilling a new well?

13 A. Yes, we looked into adding another reservoir, which eventually we will have to do. By
14 segregating the golf course from the rest of the system, we forestall the need to add the
15 reservoir. The reservoir is not inferior, but it is much more expensive. If Sunriver's
16 customer base increases and demand increases, another reservoir will have to be added.
17 It is more economical to delay the new reservoir for as long as we can until more
18 customers are added to the system.

19 Q. Why did Sunriver determine that the reservoir options was inferior to drilling a new well?

20 A. In addition to the lower cost compared to adding a new reservoir, the new well and
21 segregation of golf course irrigation allows us to address two issues at once—water
22 quality and water pressure. Another consideration is that if the EPA requires chlorination

1 at some time in the future, we can chlorinate the domestic water but not have to
2 chlorinate water delivered to the golf course.

3 **Employee Salaries and Benefits**

4 Q. How did Sunriver derive the number of employee hours worked per month in answer to
5 question 22 in the rate application?

6 A. We used a calculation of historical hours actually worked.

7 Q. Has Sunriver implemented an increase in employee salary and benefits?

8 A. Yes. Sunriver has increased the wages and salaries of individual staff between 5% and
9 20.8% with an average, weighted by salary, of about 11.8%. The cost of providing
10 benefits for health insurance has also increased by approximately 80%. Sunriver is also
11 contributing 4% of a qualifying employee's salary or wages to a retirement account.

12 Q. Why did Sunriver believe an increase in salary and benefits was needed?

13 A. Sunriver has experienced high employee turnover because once entry level personnel
14 have been trained for certification in water, they can apply for and often are offered jobs
15 that pay more in wages and benefits. Sunriver conducted a study of comparable wages
16 and benefits that lead us to increase both wages and benefits in order to retain qualified
17 employees.

18 Q. Please elaborate on the difficulties Sunriver has had in retaining employees?

19 A. For example, of the 13 employees Sunriver had in 2001, only 5 of them are still with
20 Sunriver Water, LLC. That's a 61 percent turnover in just 4 years. The most recent
21 employee departure was an employee who was hired in August of 2005 but left to work
22 for the city of Redmond in June of 2006.

1 Q. Did Sunriver conduct any research or studies as a basis of its decision to raise salary and
2 benefits?

3 A. Yes. Sunriver completed a wage and salary survey in 2005.

4 Q. Prior to this increase in salary and benefits, how did Sunriver's employee compensation
5 structure compare to that of other private water utilities?

6 A. We were at the bottom of the scale.

7 Q. After the increase in salary and benefits, how does Sunriver's employee compensation
8 structure compare to that of other private water utilities?

9 A. We are currently at about the middle to slightly above middle level of the scale.

10 Q. Does this conclude your testimony?

11 A. Yes.

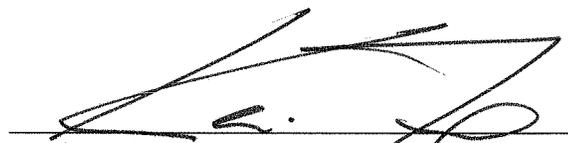
CERTIFICATE OF SERVICE

I hereby certify that I served a copy of the foregoing document upon the parties in this proceeding by first-class mail, addressed to said parties/attorneys' addresses as shown below.

Gary Fiebeck
General Manager
Sunriver Owners Association
PO Box 3278
Sunriver, OR 97707

Tom Keith
Sunriver Water, LLC
PO Box 3699
Sunriver, OR 97707

DATED: August 22, 2006


Kevin T. Fox