

**PUBLIC UTILITY COMMISSION OF OREGON
STAFF REPORT
PUBLIC MEETING DATE: October 25, 2005**

REGULAR _____ **CONSENT** X **EFFECTIVE DATE** November 4, 2005

DATE: October 18, 2005

TO: Public Utility Commission

FROM: Renee Sloan

THROUGH: Lee Sparling, Marc Hellman, and Michael Dougherty

SUBJECT: CLINE BUTTE UTILITY CO: (Advice No. 05-36) Establishes Backflow Prevention Device Service fees.

STAFF RECOMMENDATION:

Pursuant to ORS 757.205, Staff recommends the Commission approve Cline Butte Utility Company's (CBUC or Company) tariff for Backflow Prevention Device Testing and Maintenance.

DISCUSSION:

Cline Butte Utility Company filed Advice No. 05-36 on October 5, 2005, outlining a new program for the testing, maintenance, and repair of customer-owned backflow prevention devices (devices).

HISTORY OF THE CROSS CONNECTION BACKFLOW PROGRAM

Amendments to the 1974 Safe Drinking Water Act resulted in a national requirement that all public water systems have a Cross Connection Control Program. Cross connection is a physical link between a potable water system and a non-potable or questionable quality system. The hazard resulting from a cross connection is backflow or the reversal of flow of contaminated water into the distribution pipes of a potable water supply.

In December 1993, the Oregon Health Department Drinking Water Program finalized its Cross Connection Control Requirements in OAR 333-061-0070 to OAR 333-061-0072. The rules require water companies to determine what constitutes a cross connection hazard for their individual water system and to require a backflow prevention device for every premise with an existing or potential hazard.

According to the rules, the customer identified as having an existing or potential hazard is responsible for the purchase, installation, inspection, maintenance, and annual testing of an approved device and all costs associated with such work. The customer owns the device.

A water company must submit a report on all devices on its system to the Department of Human Services, Cross Connection Backflow Program. If the customer does not provide the test results to the company as required, the company may disconnect water service.

The services (installation, inspection, maintenance, and annual testing) associated with the devices are competitive. Licensed plumbers, certified testers, and certified landscape personnel can provide all or part of these services. A water company can also offer all or part of the device services to its customers depending on its personnel licenses and certifications; however, it is not required to provide such services. The customers are not obligated to use the water company's services.

Since its inception, the dual responsibility of the customer and the company to protect the integrity of the water system has caused confusion and frustration to both customers and companies. The cause of the problems results from the lack of consistency in the Cross Connection Control Plan from one water company to another. In addition, the device is owned by the customer and located on the customer's private property, yet, it is the water company that must track all devices on its system, gather the test results, and file an annual report.

Generally, the company notifies the customer that the annual test is due. The only recourse the company has if the customer fails to report device testing results is to disconnect the water service. This normally requires a letter to the customer regarding the testing responsibility; and if necessary, a five-day disconnect notice; the physical disconnection of the customer's water; and the eventual reconnection of service. Cline Butte Utility Company tracks approximately 2,200 devices on its system.

CLINE BUTTE'S PROPOSED TARIFF

CBUC is proposing a Backflow Prevention Testing and Maintenance Tariff to help resolve some of these problems. The Company proposes to provide device testing, maintenance, and repair service to its customers according to the fees shown in its Schedule No. 7 (Attachment A).

Under CBUC's proposed tariff, customers with devices who choose not to use the Company's backflow prevention services must "opt out" by signing a written refusal and returning it to the Company.

Customers who opt out are responsible for their own annual testing, maintenance, and repairs. The test results must be provided to CBUC within 10 days of the test. If the test results are not provided in a timely manner, the Company may disconnect water service pursuant to OAR 860-036-0205(2).

CBUC believes that the proposed tariff will provide an efficient resolution to this frustrating problem for both the Company and its customers. The Company based its proposed rates on averages from local testers. Staff's research shows the fees proposed in CBUC's tariff are comparable to those of other certified backflow device testers in the Bend/Redmond area.

PROPOSED COMMISSION MOTION:

Pursuant to ORS 757.205, the proposed Backflow Prevention Device Testing and Maintenance Tariff and Rule filed by Cline Butte Utility Company be approved with an effective date of November 4, 2005.