

**PUBLIC UTILITY COMMISSION OF OREGON
STAFF REPORT
PUBLIC MEETING DATE: December 6, 2005**

REGULAR ____ **CONSENT** X **EFFECTIVE DATE** January 1, 2006

DATE: November 22, 2005

TO: Public Utility Commission

FROM: Kathy Miller

THROUGH: Lee Sparling, Marc Hellman, and Michael Dougherty

SUBJECT: AVION WATER COMPANY: (Advice No. 05-38) Request to establish a Cross Connection Control Program for fees, testing, maintenance, and repair services for backflow prevention devices.

STAFF RECOMMENDATION:

Pursuant to ORS 757.205 and ORS 757.225, Staff recommends that the proposed Cross Connection Control Program (Program) tariff, establishing backflow prevention device services and fees, and its revised tariff index sheet, filed by Avion Water Company (Avion or Company), be approved effective January 1, 2006.

DISCUSSION:

Avion filed Advice No. 05-38 on October 28, 2005, proposing a Company provided service program for the testing, maintenance, and repair of customer-owned backflow prevention devices (devices) sized one inch or less. Avion filed replacement tariff sheets at Staff's request on November 9, 2005, to be consistent in format with other water utilities' cross connection/backflow tariffs.

These devices are used to protect potable water sources and distribution systems from variable pressure throughout the customer's system and/or the utility's system, which may cause contaminated water to be pushed or sucked back into the potable water supply.

According to OAR 333-061-0070 to OAR 333-061-0072, water utilities are responsible to identify hazards or potential hazards on the customer's property and require the customer to purchase, install, inspect, maintain, repair, and replace (if necessary) such

devices. In addition, each device must be tested annually and the test results provided to the utility. The customer owns the device.

Device services are competitive. Licensed plumbers, certified testers, and certified landscape personnel can provide device services. Customers can choose any qualified person or company to do the work.

Water utilities, if qualified, can also offer all or part of the device services to its customers. However, the utility is not required to provide any of these services. If offered by the utility, customers are not obligated to retain the utility as a service provider.

By rule, the water utility is required to track all devices on its system and submit an annual report to the Department of Human Services Cross Connection Program. If the customer does not provide the test results to the utility when due, the utility may disconnect water service. Avion currently tracks 2,322 one inch and 3,490 three quarter-inch devices, a total of 5,812 devices. (Avion also tracks 232 devices sized 1½ inch or larger.)

AVION'S PROPOSED TARIFF

Avion's proposed backflow tariff provides only testing, maintenance, and repair services for customer-owned devices, sized one inch or less, for a monthly fee of \$2.50, separately identified on the customers' water billings. See Schedule 8, Original Sheets 21 and 22, Attachment A, Pages 2 and 3.

Under Avion's proposed Program, all customers with such devices will be enrolled unless the customer "opts out" by signing a written refusal and returning it to Avion. Customers that opt out of the program are responsible for their own device(s). Avion will notify these customers 30 days prior to the annual test results due date. The customer must provide the results to Avion by the testing due date.

The opt-out form also provides the customer with an option of choosing Avion as a default service provider if the customer fails to provide the annual testing results in a timely manner. If Avion performs the default testing, the customer will be billed \$45. Avion justifies this cost due to the extra support services, materials, and personnel required to notify, contact, and confirm the customer's failure to perform the annual test.

Staff's research shows the fees proposed by Avion are fair and reasonable. Since the Avion proposed tariff is an opt-out design, Staff will treat the backflow services and costs as an above-the-line program. Staff has communicated this to Avion, and the Company does not disagree with this treatment at this time.

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Avion also proposes housekeeping changes to its tariff index, Seventh Revised Sheet No. 2, Index Page (Attachment A, Page 1).

PROPOSED COMMISSION MOTION:

Pursuant to ORS 757.205, Avion Water Company's proposed Cross Connection Control Program tariff and revised index be approved with an effective date of January 1, 2006.