

REVENUE: No revenue impact

FISCAL: No fiscal impact

Action:	Do Pass
Vote:	6 - 2 - 2
Yeas:	Barton, Cowan, Krieger, Riley, Tomei, Holvey
Nays:	Gilliam, Wingard
Exc.:	Matthews, Weidner
Prepared By:	Victoria Cox, Administrator
Meeting Dates:	5/13, 5/18

WHAT THE MEASURE DOES: Directs the Public Utility Commission (PUC) to allow higher water rates for metered water systems serving fewer than 500 customers.

ISSUES DISCUSSED:

- Additional costs of metered systems
- Conservation inspired by metering
- PUC rulemaking authority
- Clarification and durability of statutory provisions

EFFECT OF COMMITTEE AMENDMENT: No amendment.

BACKGROUND: Oregon has over 2,000 water companies. The vast majority are cities and other publicly owned companies, exempt from PUC regulation.

As of November 2006, approximately 80 companies are subject to regulation by the PUC because they meet the statutory definition of a "public utility." Public utilities subject to Commission regulation include: (1) privately-owned systems; (2) homeowner associations for which 20 percent of the members have petitioned for Commission regulation; (3) homeowner associations and cooperatives under certain circumstances, such as providing service outside its membership; (4) some mobile home parks; and (5) joint water and wastewater investor-owned systems providing service within city boundaries. Of the 80 PUC-regulated companies, about 70 serve fewer than 500 customers. These water companies are regulated by the PUC only if their rates exceed a threshold set by administrative rule.

Currently, the PUC threshold rate, \$33 per month as set by OAR 860-036-0030, does not take into account whether the customer's water use is metered or not. Metered water rates that reflect the full cost of the water production and delivery are said to encourage customers to minimize water use.