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BEFORE THE STATE OF OREGON  
OREGON HEALTH AUTHORITY  
CENTER FOR HEALTH PROTECTION

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FEB 08 2013

Data Mgmt & Compliance  
Drinking Water Program.

In the Matter of

Hiland Water Corp./Bear Creek Hideout  
Water System, PWS OR4100482

AMENDED BILATERAL COMPLIANCE  
AGREEMENT

On January 4, 2011, the Oregon Health Authority, Public Health Division, Center for Health Protection (Authority) filed a complaint in Lincoln County Circuit Court requesting that a special master be appointed and that Rose Lodge Water Company (Rose Lodge) be sold to a responsible party. This action was necessary because Bette Carter, the owner of Rose Lodge, failed to operate two public water systems, Bear Creek Hideout/Rose Lodge (Bear Creek) and Boulder Creek WS/Rose Lodge (Boulder Creek) in compliance with safe drinking water statutes and rules, ORS 448.115 *et seq.* and OAR 333, Division 61, thereby putting the public's health at risk. On April 12, 2011, a Lincoln County circuit court judge ordered the appointment of a special master and sale of the system.

Hiland Water Corp. (Hiland) was determined by the special master to be a responsible party and was permitted to purchase Rose Lodge and thereby the Bear Creek and Boulder Creek water systems. As a condition of that purchase, Hiland was required to enter into an agreement with the Authority to ensure that Bear Creek was brought into compliance with ORS 448.115 *et seq.* and OAR 333, Division 61, and an agreement was signed by Hiland on March 15, 2012.

Bear Creek is a community public water system serving between 101 and 300 people, and is subject to regulation under ORS 448.115 to 448.290 and OAR 333-061-0005 to 333-061-0290. Hiland is a water supplier as defined in ORS 448.115(12) and OAR 333-061-0020(211), and has specific responsibilities identified in OAR 333-061-0025.

This Agreement is entered into between the Authority and Hiland, to acknowledge that the surface water treatment system and related infrastructure at Bear Creek is currently inadequate and unable to produce water that meets the minimum requirements for disinfection, filtration, and water quality. Furthermore, this agreement is to establish a commitment by Hiland to correct any outstanding deficiencies related to the production of safe drinking water at Bear Creek.

This agreement supersedes and replaces the Bilateral Compliance Agreement that was effective between the parties on March 16, 2012.

### FINDINGS OF FACT

- Hiland submitted plans on November 16, 2012 to reactivate the existing groundwater wells as an interim source of water for Bear Creek prior to completion of the proposed surface water treatment system. The Authority conditionally approved the plans to reactivate the wells on January 4, 2013.
- Construction plans were submitted to the Authority for the installation of a surface water treatment system at Bear Creek on May 15, 2012. The Authority conditionally approved these plans on August 29, 2012.

### AGREEMENT

Upon completion of the activities described below, if taken within the time specified in this Agreement, Bear Creek will be considered to be in compliance with the rule(s) specified herein.

- Agreement Activity No. 1: Hiland shall complete construction of a surface water treatment system at Bear Creek, and begin operation of that treatment system, no later than June 29, 2013.
- Agreement Activity No. 2: Hiland shall submit sample results to the Authority within thirty (30) days of beginning operation of the Bear Creek surface water treatment system. The sample results shall demonstrate the surface water treatment system

produces drinking water that meets all applicable state and federal drinking water laws and rules.

- Agreement Activity No. 3: Hiland shall operate Bear Creek to ensure that water pressure is maintained at a minimum of 20 pounds per square inch (psi) at all customer connections at all times. Should the well production drop to a level resulting in the imminent risk of distribution pressure falling below 20 psi, Hiland shall maintain adequate pressure by hauling water from an approved source, following the drinking water hauling guidelines found at: <http://public.health.oregon.gov/HealthyEnvironments/DrinkingWater/Operations/Documents/haulguide.pdf>.

### GENERAL PROVISIONS

This Agreement does not constitute a waiver, suspension or modification of the requirements of the Oregon Drinking Water Quality Act; ORS 448.115 to 448.285 and administrative rules OAR 333-061-0050 to 333-061-0290, which remain in full force and effect.

This Agreement does not relieve Hiland of any responsibilities or liabilities established pursuant to any applicable federal, state, or local law or regulation.

The Authority has determined that additional enforcement action is not warranted at this time, and so long as Hiland meets all of the requirements and deadlines specified in this Agreement, the Authority will forgo enforcement action which could include the assessment of civil penalties as prescribed by OAR 333-061-0090.

Dated this 6<sup>th</sup> day of February, 2013.



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Melvin Olson  
President  
Hiland Water Corp.

Dated this 12<sup>th</sup> day of February, 2013.



A handwritten signature in black ink, appearing to read "Anthony J. Fields", written over a horizontal line.

Anthony J. Fields, R.E.H.S.  
Interim Section Manager  
Oregon Health Authority, Center for Health Protection,  
Drinking Water Services

cc: Daniel Hough, OHA-DWP  
Jay MacPherson, OHA-DWP  
Kathy Miller, Public Utility Commission of Oregon  
Shannon O'Fallon, Oregon Department of Justice