

January 22, 2007

**Avion Water Company, Inc.
60813 Parrell Road
Bend, OR 97702**

Vikie Bailey-Goggins
Oregon Public Utility Commission
PO Box 2148
Salem, OR 97308-2148

RE: **Avion Water Company, Inc.** Affiliated Interest Application with **Jan M. Wick** pursuant to
ORS 757.495 and OAR 860-036-0730

Dear Ms. Bailey-Goggins:

This affiliated interest application is submitted in the manner and form indicated by OAR 860-036-0730.

INFORMATION REQUIREMENTS

(a) The applicant's exact name and the address of its principal business office;

Avion Water Company, Inc.

60813 Parrell Road

Bend, OR 97702

(b) The name and address of the person authorized on the water utility's behalf, to receive notices, inquiries, and communications regarding the information;

Jan Wick, President, 60813 Parrell Road, Bend, OR 97702

Jason Wick, Vice President, 60813 Parrell Road, Bend, OR 97702

Richard Bailey, Secretary-Treasurer, 60813 Parrell Road, Bend, OR 977022

(c) A statement describing the relationship between the water utility and the contracting entity as defined by ORS 757.015 and 757.490;

Jan Wick owns more than 5% of the common stock of Avion Water Company, Inc. and is an affiliated interest as defined in ORS 757.015(1).

(d) The amount, kind, and ratio to total voting securities held, if applicable;

As of Dec. 31, 2006, Jan Wick owned 46.75% of the common stock of Avion Water Company, Inc.

(e) A list of all officers and directors of the affiliated interest who are also officers or directors of the applicant;

N/A

(f) The pecuniary interest, directly or indirectly, of any officer or director who is a party to the contract;

Jan Wick is the principal shareholder of Avion Water Company, Inc.

(g) A description of the goods or services to be provided, the cost incurred in providing each of the goods or services, the market value of the goods or services if different from the costs, and the method or methods proposed for pricing those goods or services;

Jan Wick will provide management and engineering services as an employee of Avion Water Company, Inc. Such services are valued at a salary of \$150,000 annually as listed in the latest valuation of the company.

(h) An estimate of the amount the water utility will pay annually for the goods or services and the accounts in which it will record the charges;

Avion Water Company expects to pay Jan the following wages and benefits in 2007:

Salary, acct 603.0: \$150,000.

Retirement contribution, acct 604: \$ 15,000

Health & dental insurance, acct 604: \$ 13,350.

(i) The reasons, in detail, relied upon by the water utility for procuring the proposed goods or services from the affiliate and benefits, if any, utility customers and the general public will derive from the provision of goods or services,

Avion Water Company, Inc. believes that by retaining the services of Mr. Wick the Company will be able to maintain the high level of service provided to Avion's customers, which they have come to expect, particularly during the rapid growth that the Company is experiencing.

(j) A description of the procurement process and the reasons, in pertinent detail appropriate to the complexity of the procurement, relied upon by the water utility for procuring the proposed goods or services without a competitive procurement process, if such a process is not used,

No procurement process was used as Mr. Wick is the principal stockholder and an employee of the Company.

(k) Transfer prices in contracts or agreements for the procurement of goods or services under competitive procurement shall be presumed to be the market value, subject to evaluation of the procurement process;

No competitive bids were sought or obtained as Mr. Wick is the principal shareholder and an employee of the Company.

ATTACHMENTS

(l) A copy of the proposed contract or agreement between the water utility and the contracting entity; and

There is no written contract as Mr. Wick is the principal shareholder and an employee of the Company.

(m) Copies of all resolutions of directors authorizing the proposed transactions and, if stockholders' approval has been obtained, copies of the resolutions approved by the stockholders.

N/A

For the reasons set forth above, Avion Water Company, Inc.
NAME OF COMPANY

respectfully requests that the Commission issue an order approving the affiliated

interest contract between , Avion Water Company, Inc. and
NAME OF COMPANY

Jan Wick, pursuant to the provisions of
NAME OF AFFILIATE

ORS 757.495 and OAR 860-0386-730.

Avion Company, Inc.
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DATE: _____

Avion Water Company, Inc.
NAME OF COMPANY

(SIGNATURE OF AUTHORIZED PERSON)

Richard C. Bailey
(PLEASE PRINT NAME)

Secretary-Treasurer
(TITLE)

DATE: Jan. 22, 2007

Avion Water Company, Inc.
NAME OF COMPANY

Richard C. Bailey
(SIGNATURE OF AUTHORIZED PERSON)

Richard C. Bailey
(PLEASE PRINT NAME)

Secretary-Treasurer
(TITLE)
