PUBLIC UTILITY COMMISSION
OF OREGON

UW 136

STAFF TESTIMONY
OF

KATHY MILLER

In the Matter of
CHARBONNEAU WATER COMPANY LLC
Request for a General Rate Increase.

January 19, 2010

Oregon

Theodore R. Kulongoski, Governor

Public Utility Commission
550 Capitol St NE, Suite 215
Mailing Address: PO Box 2148
Salem, OR 97308-2148
Consumer Services
1-800-522-2404
Local: (503) 378-6600
Administrative Services
(503) 373-7394

January 19, 2010

Via Electronic Filing and U.S. Mail

OREGON PUBLIC UTILITY COMMISSION
ATTENTION: FILING CENTER
PO BOX 2148
SALEM OR 97308-2148

RE: Docket No. UW 136 – In the Matter of CHARBONNEAU WATER COMPANY LLC. Request for a General Rate Increase.

Enclosed for electronic filing in the above-captioned docket is the Public Utility Commission's Staff Testimony.

/s/ Kay Barnes
Kay Barnes
Regulatory Operations Division
Filing on Behalf of Public Utility Commission Staff
(503) 378-5763
Email: kay.barnes@state.or.us

c: UW 136 Service List (parties)

CASE: UW 136
WITNESS: Kathy Miller

PUBLIC UTILITY COMMISSION
OF
OREGON

STAFF EXHIBIT 100

Direct Testimony

January 19, 2010

Q. PLEASE STATE YOUR NAME, OCCUPATION, AND BUSINESS ADDRESS.

A. My name is Kathy Miller. My business address is 550 Capitol Street NE, Suite 215, Salem, Oregon 97301-2551.

Q. PLEASE DESCRIBE YOUR RELEVANT WORK EXPERIENCE.

A. I have been with the PUC since 1987 and have participated in water utility dockets involving rate filings, finance applications, property dispositions, exclusive service territory, adequacy of service, water and wastewater rulemakings, formal complaints, and affiliated interest matters.

Q. DID YOU PREPARE ANY EXHIBITS FOR THIS DOCKET?

A. Yes. Staff/101 contains the following documents in support of Staff testimony:

CWC Letter Dated November 19, 2009	Staff/101, pages 1, 2
Revenue Sensitive Costs	Staff/101, page 3
Plant and Depreciation	Staff/101, pages 4, 5, 6
Revenue Requirement	Staff/101, page 7
Summary of Staff Adjustments	Staff/101, page 8
Rate Design	Staff/101, page 9

Q. HOW IS YOUR TESTIMONY ORGANIZED?

A. Staff testimony is organized as follows:

Issue 1: CWC Description and Regulatory History
Issue 2: CWC's Proposed Filing
Issue 3: Staff's Analysis of the Company's Filing
Issue 4: Staff's Adjustments
Issue 5: Customer Concerns
Issue 6: The Stipulated Revenue Requirement and Rates

Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?

A. Staff testimony introduces and supports the Stipulation agreed to by the parties in Docket UW 136.

Q. WHO ARE THE PARTIES IN THIS DOCKET?

A. The parties in this docket are: Charbonneau Water Company LLC (CWC or Company), Commission Staff (Staff), and the following interveners: Steve Chinn, Larry Kriegshauser, Dennis Jablonski, Don Mason, and Susie Stevens (Parties).

Issue 1: A Description and Regulatory History of CWC

Q. PLEASE DESCRIBE CWC.

A. CWC was formed in May 2008 as a subsidiary of Charbonneau Golf Course, Inc. (Golf Course). CWC's purpose is to provide nonpotable, irrigation water to 14 customers. The customers include 12 homeowner associations (HOAs) with roughly 873 residential members, the golf course, and the country club.

The water system was originally constructed by Willamette Factors, a division of Benjamin Franklin Bank. It was purchased in 1990 by certain, but not all, residents. The Golf Course provided irrigation water to the customers prior to the formation of CWC.

Q. PLEASE EXPLAIN HOW CWC BECAME A RATE-REGULATED PUBLIC WATER UTILITY?

A. On April 24, 2009, CWC petitioned the Commission requesting rate regulation. The Commission asserted jurisdiction pursuant to ORS 757.005 and

ORS 757.061 in Order No. 09-171, dated May 13, 2009. CWC filed proposed tariffs and an application to increase rates on July 28, 2009.

Q. DID CWC FILE FOR INTERIM RATES?

A. Yes. CWC requested interim base rates and a change in its billing cycle. After discussion with the Company and several customer representatives at its regular public meeting on August 25, 2009, the Commission issued Order No. 09-348. The Order suspended CWC's proposed rates, denied the interim base rates, and adopted an accelerated billing schedule. Because CWC had historically billed customers the year after the water was delivered, the Commission adopted an accelerated billing design in which CWC will collect for 2009 usage during the first four months of 2010. This will bring water delivery and collection of payments current by May 2010.

Issue 2: CWC's Proposed Rates

Q. PLEASE DESCRIBE CWC'S REQUEST FOR AN INCREASE AS STATED IN ITS APPLCIATION.

A. In its application, CWC is requesting a 91 percent increase in annual revenues or $140,897, resulting in total annual revenues of $295,697, with an 8.9 percent return on a rate base of somewhere between $903,718 to $941,905. The Company's rate base was not consistent in its application.

Q. PLEASE DESCRIBE THE COMPANY'S CURRENT RATES.

A. The Company charges a commodity rate of $1.35 per unit. One unit is equal to 748 gallons. CWC does not currently charge base rates.

Q. PLEASE DESCRIBE THE COMPANY'S PROPOSED RATES.

A. To achieve its proposed revenue requirement, CWC proposed a $0.10 increase to the commodity rate from $1.35 per unit to $1.45 per unit to be billed during the irrigation season (approximately April to September depending on weather).

In addition, CWC proposed adding base rates as shown below to be billed 12 months per year.

TABLE 1– CWC'S PROPOSED BASE RATES

Meter Size	Proposed Base Rate
1 inch	$32.34
1 ½ inch	$64.68
2 inches	$103.49
3 inches	$194.03
6 inches	$646.76

Q. WHAT REASONS DID THE COMPANY GIVE FOR SEEKING A RATE INCREASE?

A. According to CWC, the increase is necessary to manage ongoing repairs, maintenance, and preventative measures to ensure continued delivery of water. More detail of CWC's increase request is provided as Attachment A to the testimony.

Q. WHAT IS THE IMPACT OF CWC'S PROPOSED BASE RATES UPON THE CUSTOMERS?

A. The table below shows the effect of the Company's proposed base rates on each customer, specifically it shows the approximate monthly cost for each HOA and its individual residences.

TABLE 2– CWC'S PROPOSED RATE IMPACT ON CUSTOMERS

		# of Meters	Meter Size in Inches	Proposed Base Rate Per CWC	Total Monthly Charge Per Meter	Total Monthly Base Rate	# of Residences	Monthly Base Rate Cost Per Residence
1	Fairway Village HOA	3	1 ½*	$64.68	$194.04	$194.04	20	$9.70
2	Edgewater HOA	1 1 1	1 1 1/2 2	$32.34 $64.68 $103.49	$32.34 $64.68 $103.49	$200.51	44	$4.56
3	Village Greens II HOA	2	2	$103.49	$206.98	$206.98	21	$9.86
4	Charbonneau Greens HOA	2	1 1/2	$64.68	$129.36	$129.36	48	$2.70
5	Lakeside HOA	2	2	$103.49	$206.98	$206.98	41	$5.05
6	Village Greens I HOA	2	2	$103.49	$206.98	$206.98	19	$10.89
7	Village Center	1 3	1 1/2 2	$64.68 $103.49	$64.68 $310.47	$375.15	10	$37.51
8	Mariners	2 2	1 1/2 2	$64.68 $103.49	$129.36 $206.98	$336.34	60	$5.60
9	Fairway Estates	1	3	$194.03	$194.03	$194.03	35	$5.54
10	Charbonneau Country Club	6 4 1 3	1 1 1/2 2 3	$32.34 $64.68 $103.49 $194.03	$194.04 $258.72 $103.49 $582.09	$1,138.34	873	$1.30
11	Charbonneau HOA	16 6	1 1/2 2	$64.68 $103.49	$1,034.88 $620.94	$1,655.82	228	$7.26
12	Fountain Lakes HOA	2 1	2 3	$103.49 $194.03	$206.98 $194.03	$401.01	59	$6.80
13	Arbor Lakes HOA	16 9	1 1/2 2	$64.68 $103.49	$1,034.88 $931.41	$1,966.29	258	$7.62
14	Charbonneau Golf Club	6	6	$646.76	$3,880.56	$3,880.56	0	n/a

* Billed at 1" meters. Company installed 1 ½" meters for its own convenience. CWC should replace the 1 ½ "meters with 1" meters in the future.

Q. WOULD CWC'S PROPOSED RATES ACHIEVE ITS REQUESTED INCREASE?

A. Yes. CWC requested an increase of $140,897. Based on CWC's consumption projections, the $0.10 increase to its commodity charge would produce additional annual revenues of approximately $11,467; however, this number will change depending on the amount of water consumed. The annual increase to revenues from the proposed base rates would be approximately $133,109. The total annual increase in revenue for both commodity and base rates is approximately $144,575.

Q. WHAT YEAR DID THE COMPANY USE AS ITS TEST PERIOD?

A. The Company used April 1, 2008, through March 31, 2009, as its test period.

Issue 3: Staff's Analysis of CWC's Filing

Q. WHAT WERE THE RESULTS OF STAFF'S REVIEW OF CWC'S PROPOSED RATE INCREASE?

A. Staff's analysis of CWC's rate proposal recommended an $87,523 or 43.8 percent increase over current rates, with an 8.9 percent return on a rate base of $850,682, resulting in total annual revenues of $287,276. CWC requested an 8.9 percent rate of return based on 100 percent equity structure in its cost of capital. Staff supported this portion of CWC's proposal.

Q. ARE ANY EXPENSES SHARED BY BOTH CWC AND THE GOLF COURSE?

A. Yes.

Q. DID STAFF DEVELOP ANY ALLOCATIONS TO ASSIGN SHARED COSTS BETWEEN CWC AND THE GOLF COURSE?

A. Yes. Staff developed three allocation factors used to assign costs between CWC and the Golf Course: 1) a general expense allocation, 2) a physical asset allocation, and 3) an allocation for accounting expense.

Q. PLEASE EXPLAIN HOW THE ALLOCATIONS WERE DETERMINED AND HOW WERE THEY APPLIED.

A. 1. General Expense Allocation:

Staff determined a general expense allocation of 19.33 percent to CWC and 80.67 percent to the Golf Course for shared labor and administrative-related expenses where separation of the expense was difficult to verify, conflicting, or inconsistent. Staff calculated this allocation by weighing the total plant, revenues, and expenses for the Company and the Golf Course based on the Golf Course's annual financial statements for the fiscal year ending March 31, 2009.

These allocated expenses included Employee Benefits, Worker's Compensation Insurance, Office Supplies, partial Postage (newsletter), Payroll Service, and Computer and Electronic expenses. By using a three-factor formula, these costs are more appropriately assigned between CWC and the Golf Course. Staff has previously applied three-factor allocation formulas in water rate cases, i.e., Dockets UW 118 Sunriver Water Utility and UW 127 Cline Butte Utility.

2. Asset Allocation

Staff determined an asset allocation of 26 percent to CWC and 74 percent to the Golf Course. The allocation factor was determined by calculating the percentage of utility plant owned by the water company compared to all assets owned by the Golf Course. The calculations were based on the Golf Course's 2008 tax return.

The 26 percent also compares to the percentage of liability exposures for water company assets calculated by the insurance company from separate rating classifications for water utility and golf course assets.

Staff applied the 26 percent allocation to liability insurance expense and property tax expense.

3. Accounting Expense Allocation

The Company proposed a 30/70 percent CWC/Golf Course allocation of CPA services. Staff supported CWC's CPA expense allocation.

Issue 4: Staff's Adjustments

Q. DID STAFF MAKE ADJUSTMENTS TO THE COMPANY'S TEST PERIOD REVENUES, EXPENSES, AND PLANT?

A. Yes. I have summarized the majority of adjustments below:

1. A restating increase of $44,953 to current revenues representing the revenues that would be generated at CWC's current rate using 2009 estimated consumption. As part of the stipulation, this is later recalculated to an increase of $54,918 using actual consumption.

2. An increase of $4,643 to Employee Wages results in an annual expense of $46,208. The adjustment is based on actual wages and hours as documented by CWC. It includes labor, one administrative position allocated at 19.33 percent and CWC's General Manager position.

   Staff made a $906 downward adjustment to Employee Benefits, and appropriate increases to Payroll Tax and Worker's Compensation Insurance of $3,466 and $917, respectively, to reflect 19.33 percent allocations.

3. An increase of $3,599 to Purchased Power results in an annual expense of $23,815. This represents the actual annual expense, including a rate increase in PGE power rates, effective January 2009.

4. An increase of $1,101 to Chemicals results in an annual expense of $1,999. This represents the reported annual chemical expense for grass and algae killers and pond dye (used to reduce the growth of algae).

5. An increase of $1,000 to Office Supplies results in an annual expense of $1,000. Staff averaged the test year expenses and partial current expenses and applied a 19.33 percent allocation factor to achieve an annual expense of $965. Staff supports CWC's $1,000 proposed expense because CWC's documentation of the current year's office expense was incomplete. Staff also made an adjustment of $215 to Postage bringing the annual Postage expense to $300.

6. An increase of $1,398 to Materials & Supplies results in an annual expense of $2,996. This represents a two-year average of documented annual expenses.
7. A decrease of $29,497 to Repairs/Maintenance results in an annual expense of $6,460. The adjustment includes removing in-house labor and capitalized items. This expense was later changed to add a pond cleaning expense agreed to by the Parties.
8. A decrease of $2,665 to Engineering Expense results in an annual expense of $523. This represents a three-year amortization of $1,569 incurred for a mapping project that was later dropped by the City of Wilsonville.
9. A decrease of $2,823 to Accounting results in an annual expense of $1,080. This represents a 30 percent allocation of the total annual CPA expense.
10. A decrease of $5,619 to Legal Expense results in an annual expense of $5,916. This represents $2,734 in annual legal fees and a five-year amortization of $15,909.61 ($3,181.92 per year) for legal fees associated with the formation of CWC.
11. A decrease of $12,000 in Management Fees results in an annual expense of $0.00. This adjustment was proposed by the Company and Staff supports it. The management of the Company is now handled by the General Manager whose salary is included in Employee Wages.

12. An increase of $1,720 to Testing results in an annual expense of $1,720 for meter testing. This represents a 10-year meter testing schedule.
13. A decrease of $3,350 to Contract Labor results in an annual expense of $0.00. Staff’s analysis found that all labor was either in-house labor or included in Repairs/Maintenance.
14. A decrease of $765 to Contract Billing & Collection results in an annual expense to $0.00. Billing and collection is done in house and the cost is reflected in Employee Wages.
15. Staff added a new account, Contract Payroll Services, with an annual expense of $698. This represents a 19.33 percent allocation of an average 12-month cost of $3,610.
16. A decrease of $756 to Equipment Rental results in an annual expense of $0.00. The Company did not pay for rented equipment during the last two years.
17. A decrease of $108 to Computer/Electronics results in an annual expense of $252. This represents a 19.33 percent of the actual cost for Comcast and computer/software repair and maintenance.
18. A decrease of $897 to Transportation results in an annual expense of $0.00. This adjustment was proposed by the Company and Staff supports it.
19. A decrease of $2,168 to General Liability results in an annual expense of $3,471. This represents a 26 percent allocation of the total annual premium.

20. A decrease of $111 to Training and Certification and a decrease of $3,738 to General Expense results in annual expenses of $0.00. These adjustments were proposed by the Company and supported by Staff.

21. A decrease of $16,898 to Depreciation Expense results in an annual expense of $31,385. This represents actual depreciation expense using the National Association of Regulatory Utility Commissioners (NARUC) utility plant depreciation lives for small water systems.

22. A decrease of $749 to Property Tax results in an annual expense of $16,512. This represents a 26 percent allocation of the total $63,506.77 property tax assessment.

23. Since CWC filed this case, the City of Wilsonville (City) has assessed the Company a five-percent “Privilege Tax” (city tax). The tax is assessed on the gross revenues the Company receives from the associations. The City will not tax Golf Course revenues. Staff calculated the tax and included it in the revenue requirement as an adjustment of $7,843. This adjustment was later removed by agreement of all Parties. The Parties agreed that the city tax will be billed as a separate line item on the customers’ bills.

24. A decrease of $60,402 to Utility Plant results in total plant of $1,339,885. This represents all water utility plant.

25. An increase of $22,339 to Accumulated Depreciation results in a total of $518,908. This represents total depreciation expense accumulated to date.

Q. PLEASE DESCRIBE STAFF'S RECOMMENDED RATE DESIGN.

A. Staff generally allocates the revenue requirement at 60 percent to the base rate and 40 percent to the commodity rate. However, in CWC's case, Staff recommended a 30 percent allocation of revenues to the base rate and a 70 percent allocation of revenues to the commodity rates. The rate design encourages conservation and helps avoid rate shock. Customers are in a better position to control their bills by controlling their water usage. Staff will attempt to bring the base/commodity allocation closer to CWC's fixed and variable expense ratio in subsequent rate cases.

Q. PLEASE DESCRIBE HOW STAFF DETERMINED APPROPRIATE BASE RATES.

A. Staff used the American Water Works Associations (AWWA) standard capacity factors to determine base rates. Staff calculated the rate for a 5/8 and 3/4 inch meter and then applied the AWWA factor for each meter size. AWWA has tabulated the percentage relationship of the maximum rate of use to the average rate of use, which is expressed in terms of capacity factors. The capacity factors recognize the particular service requirements for total volume of water and peak rates of use. For example, the capacity of a 1 ½ inch meter is five times greater than a 5/8 by 3/4 inch meter.

Q. PLEASE DESCRIBE HOW STAFF DETERMINED THE COMMODITY RATE.

A. Staff determined a two-year average consumption and divided the revenue requirement allocated to the commodity rate by the annual average number of units of water used during the last two years. Actual meter readings for 2008 were not available; however, CWC provided a breakdown of charges to which Staff calculated the consumption. Staff used October 2008 through September 2009 actual meter readings to estimate 2009 usage. At the time Staff did its analysis, it was the most current data. Staff later recalculated the consumption using actual 2009 meter readings.

Q. DID STAFF MAKE ANY ADJUSTMENTS TO CWC'S UTILITY PLANT?

A. Staff added $31,000 to utility plant as Construction Work In Progress (CWIP) for work that was already in progress but not complete. This included work on gate valves, check valves, vaults, a pump, and an electric panel.

Q. PLEASE EXPLAIN WHAT CWIP IS AND WHY IT IS ALLOWED IN RATES BEFORE IT IS USED AND USEFUL.

A. CWIP is the term for plant that is under construction, but not yet in service. While traditionally rates include the cost of plant that is used and useful, ORS 757.355(2) gives the Commission authority to allow water utilities to begin recovery of costs before the plant is used and useful. The Legislature found CWIP may, on occasion, be appropriate to include in rates because of the difficulty water systems experience in attracting capital and the capital intensive nature of the infrastructure. Staff supports inclusion of CWIP in rates in this case consistent with the justification as just noted.

OAR 860-036-0757 states:

> The Commission may allow into rates the costs of a specific capital improvement project in progress if:

> (1) The water utility uses the additional revenues solely for the purpose of completing the capital improvement project;
> (2) The water utility demonstrates that its access to capital is limited and it is in the public interest to provide funding for the capitol improvement through rates; and
> (3) Such costs are approved through tariffs filed with the Commission.

Q. DID STAFF MAKE ANY OTHER ADJUSTMENTS TO PLANT?

A. Yes. Prior to calculating CWC's utility plant, Staff removed Contributions In Aid of Construction (CIAC) in the amount of $131,323. The $131,232 represents the cost customers paid for the purchase and installation of customer meters.

Q. PLEASE EXPLAIN CIAC AND WHY IT IS NOT ALLOWED IN RATES.

A. The Internal Revenue Service defines CIAC as any amount or item of money, services or property received by a utility, from any person or governmental agency, any portion of which is provided at no cost to the utility, which represents an addition or transfer to the capital of the utility, and which is utilized to offset the acquisition, improvement, or construction costs of the utility's property, facilities, or equipment used to provide utility services to the public.

CIAC is plant that was paid for by entities other than the utility. In CWC's case, the cost of the meters was paid for by the customers. Since Company funds were not used to pay for this, Staff removed $131,323 from plant so the customers are not paying twice for the meters, once when the meters were purchased and again through the recovery of the meters in rates.

Q. IS IT STANDARD PRACTICE TO REMOVE CIAC FROM RATE BASE?

A. Yes. Oregon Administrative Rule 860-036-0756(3) specifically requires that CIAC be separated from utility plant and accounted for and depreciated on a separate schedule outside the ratemaking process.

<u>Issue 5: Customer Concerns</u>

Q. DID THE CUSTOMERS EXPRESS ANY CONCERNS?

A. The customers expressed the following concerns:

1. It is not appropriate to use meter size and the AWWA capacity factors to determine base rates.
2. The percentage of revenue allocated to the commodity rate should be greater than the revenue allocated to the base rate to promote conservation.
3. The allocation of property tax should take into consideration the value of the land held by the Golf Course and not just the capital assets.
4. The City of Wilsonville's Privilege Tax when separated into 3.5 percent of the tax allowed in rates and the remaining 1.5 percent is added as a surcharge to the customers' bills creates a compounding of the tax that exceeds the 5 percent city tax.
5. The Company needs better communication with the customers, in particular, as to when the irrigation season starts and ends, notification of planned outages, notification of emergency outages, and information contained on the bill.
6. Backflow protection for looped systems and inaccuracy of meters.

Q. WHAT STEPS DID STAFF OR CWC TAKE TO ADDRESS THE ISSUES ABOVE?

A. Staff or CWC took the following steps to address the customers' concerns:

1. Staff concluded that it is appropriate to use meter size and the AWWA capacity factors to determine base rates. The factors are based on the amount of water that the meter is capable of providing, for example, peak demand. The AWWA is a nationally respected leader in the water industry, and Staff has historically used the AWWA factors in determining the base rates for different sized meters.
2. Regarding the revenue requirement allocation between the base and commodity rates, Staff considered the customers' argument and supports the higher allocation of revenues to the commodity (variable) rate and the lower allocation of revenues to the base (fixed) rate than the standard 40/60 percent variable/fixed allocation as described in Staff's discussion on rate design.
3. Staff's original 26 percent allocation for property tax includes the value of the land. Staff compared the allocation of property tax with and without the land value. The results show that without the additional value of the land in the calculation, the allocation of property tax to the water company (and the customers) would increase to 33.74 percent instead of the 26 percent Staff recommended (see Tables No. 3 and No. 4 below). Therefore, Staff concludes that the 26 percent allocation for property tax is appropriate.

TABLE 3– ALLOCATION OF PROPERTY TAX WITH LAND VALUE

Allocation Based on Plant From Tax Return
Staff Calculated Plant

	Corporate Plant		Water Plant		
Per Tax Return	3,975,688	Buildings & Other Depreciable Assets	1,341,584	Calculated Plant for Water Case	
2008	1,130,782	Land			Percentage based on water plant to total corp plant
	5,106,470		1,341,584		26.27%
less water	(1,341,584)				26.27%
	3,764,886				

TABLE 4– ALLOCATION OF PROPERTY TAX WITHOUT LAND VALUE

Allocation Based on Plant From Tax Return &
Staff Calculated Plant

	Corporate Plant		Water Plant		
Per Tax Return	3,975,688	Buildings & Other Depreciable Assets	1,341,584	Calculated Plant for Water Case	
2008	0	Land			Percentage based on water plant to total corp plant
	3,975,688		1,341,584		33.74%
less water	(1,341,584)				33.74%
	2,634,104				

4. To avoid any compounding of the city tax, the Parties agreed that the city tax will be billed as a separate line item on the customers' bills.
5. In response to the customers' communication concern, CWC will provide general water information in the monthly Charbonneau Villager, a publication that goes to all homeowners. CWC information will also be provided on the Golf Course website (www.charbonneaugolf.com) available to anyone.

Company contact numbers will show on the website and on the customers' bills. Water bills will include the water usage for the previous month.

6. The concern regarding looped systems appears to be specific to a particular looped system with two meters in the loop (meter numbers 51 and 52). Although, most meters measure water running both forward and backward, doing so adds wear and tear on the meter. On November 11, 2009, CWC installed backflow prevention devices on the two meters to resolve this concern.

The second part of this concern is meter accuracy. To address this concern, Staff proposes a 10-year meter testing program. The cost to test CWC's meters is more expensive than a normal system because the meters are calibrated to measure every 748 gallons. Therefore, a meter must be removed, connected to an accurate meter and 748 gallons must run through the meter to complete the test. Staff added an annual meter testing expense of $1,720 to the Company's operating revenues to provide for the testing of 8 to 9 meters per year (approximately $200 per test) on a 10-year rotating testing schedule.

Q. DID STAFF HAVE ANY CONCERNS THAT HAVE NOT BEEN PREVIOUSLY MENTIONED?

A. Yes. Staff was concerned with the accuracy and completeness of the Company accounting records. However, the Company took it upon itself to revise its accounting procedures to improve accuracy and efficiency. In a letter to Staff dated November 19, 2009 (included as Staff/101, Miller/1, 2), CWC states it will improve its filing and recording keeping with better separation of CWC expenses from the Golf Course's expenses; allocation of indirect expenses; recording of direct charges, in particular labor charges and benefits; and equipment rentals.

Q. ARE THERE ANY AFFILIATED INTEREST CONCERNS?

A. Yes. CWC has indicated that it may rent equipment from the Golf Course in the future. Should the Company do so, it would be considered an affiliate interest transaction and will be required to be billed at the lower of cost or market.

Q. DO YOU HAVE ANY OTHER CUSTOMER ISSUES TO DISCUSS?

A. No.

<u>Issue 6: The Stipulated Revenue Requirement and Rates</u>

Q. DID THE PARTIES AGREE WITH STAFF'S RECOMMENDATION?

A. The Parties stipulated to Staff's recommendation with the following changes:

1. An increase to Repair/Maintenance expense of $3,976.64 to allow for pond cleaning every two years;
2. An increase of $555 to Utility Plant, representing the purchase and installation of a liner in the pond;

3. Removal of the city tax ($7,843) from the revenue requirement. The Parties stipulated that all 5 percent of the city tax be a separate line item on the water bills. Therefore, no percentage of the city tax is included in the revenue requirement.

   Staff believes that OAR 860-036-0745, which limits the percentage of city tax that may be included in rates to 3.5 percent, is not applicable in this case since none of the tax is included in rates; and

4. All future meters shall be purchased, owned, maintained, and replaced by the Company at its own expense, including replacements for the existing meters. This was an issue because the current meters were paid for by the customers and excluded from rate base as CIAC.

Q. DID STAFF MAKE OTHER CHANGES?

A. Yes. Staff recalculated the average two-year consumption used to determine the variable rate. At the time of Staff's original analysis, actual meter readings were available through only September 2009. At the request of an intervener, Staff recalculated the 2009 consumption using 2009 actual meter readings. This resulted in more 2009 water consumption, thus lowering the commodity rate and affecting Staff's revenue adjustment.

Q. WERE ANY OF STAFF'S ADJUSTMENTS AFFECTED BY THE ABOVE CHANGES?

A. Yes. Staff/101, Miller/8 is a summary of Staff's adjustments including those affected by the stipulated changes and the recalculation of the 2009 consumption. Staff adjustments that were affected included:

1. An increase of $54,918 to revenue to reflect the additional revenue CWC would have received for actual 2009 water consumption at the current rates. Staff's previous adjustment was based on 2009 estimated usage.
2. An increase of $3,976.64 to Repair/Maintenance expense to allow for pond cleaning every two years.
3. An increase of $555 to Utility Plant, representing the purchase and installation of a liner in the pond.
4. Removal of t $7,843 of city tax from the revenue requirement.
5. Accompanying adjustments to Depreciation Expense, Depreciation Reserve, Taxes, and Working Cash.

Q. AFTER MAKING THE CHANGES, WHAT IS THE RESULTING REVENUE REQUIREMENT AGREED TO BY THE PARTIES?

A. The Parties stipulated to a revenue requirement of $283,547. This is an increase of 35.2 percent above CWC's adjusted revenues. Staff/101, Miller/7 shows the stipulated revenue requirement. The Parties also agreed the Company should have a reasonable opportunity to earn an 8.9 percent return on a rate base of $851,552. Staff/101, Miller/3 shows CWC's cost of capital and revenue sensitive factors.

Q. PLEASE SUMMARIZE THE DIFFERENCE IN THE COMPANY'S PROPOSED RATE BASE AND THE RATE BASE GENERATED BY THE STIPULATION.

A. Staff has compared CWC's proposed rate base and the resulting rate base generated by the Stipulation in the table below. Staff/101, Miller/4, 5, 6 is CWC's plant and depreciation schedule.

TABLE 5– RATE BASE COMPARISON

	Utility Plant In Service	Depre-ciation Reserve	Net Utility Plant	Materials & Supplies Inventory	Working Cash	Total Rate Base
CWC's Proposed	$1,431,287	$527,431	$903,856	$24,500	$12,002	$940,358
Resulting Rate Base	$1,340,440	$518,927	$821,513	$21,096	$8,943	$851,552

Q. PLEASE SUMMARIZE THE RATES AND RATE DESIGN AGREED TO IN THE STIPULATION.

A. The Parties stipulated to Staff's recommended 30/70 percent revenue allocation to the base rate and commodity rate, respectively. Staff/101, Miller/9 shows the rates and rate design as stipulated by the Parties. The commodity rate, as stated above, is $1.47 per unit, and the base rates are shown below.

TABLE 6– BASE RATES

Meter Size	1"	1.5"	2"	3"	6"
Base Rates	$21.05	$42.10	$67.36	$126.30	$421.00

Q. WHAT IS THE IMPACT OF THE STIPULATED RATES ON THE CUSTOMERS?

A. The impact of the stipulated rates is shown in the table below. Staff calculated the customers' annual charges based on each customer average usage between 2008 and 2009. Therefore, the amounts are only estimates. Due to the large allocation of revenue to the commodity rate, any change in the customers' usage patterns will significantly affect the annual charges.

TABLE 7– RATE IMPACT

	Average Consumption in Gallons	$1.35 At Current Rate	Estimate Annual Total At Stip Rates	% Increase
Fairway Village HOA	372,656	$672.58	1,491.31	121.73%
Edgewater HOA	895,619	$1,616.43	3,328.99	105.95%
Village Greens II	1,930,159	$3,483.58	5,415.82	55.47%
Charbonneau Greens HOA	1,543,720	$2,786.13	4,048.94	45.33%
Lakeside HOA	2,337,126	$4,218.08	5,408.55	28.22%
Village Greens I	1,509,575	$2,724.50	4,587.98	68.40%
Village Center	1,267,999	$2,288.50	5,425.99	137.10%
Mariners CVCOA	3,030,259	$5,469.05	8,591.58	57.09%
Fairway Estates HOA	4,534,057	$8,183.13	10,440.10	27.58%
Charbonneau Country Club	6,054,908	$10,927.98	20,809.55	90.42%
Charbonneau HOA	8,028,436	$14,489.83	28,735.70	98.32%
Fountain Lakes HOA	9,358,283	$16,889.95	21,552.40	27.60%
Arbor Lakes HOA	11,744,390	$21,196.43	38,474.87	81.52%
Charbonneau Golf Club	48,231,077	$87,048.07	125,246.50	43.88%

Q. ARE THE RESULTING RATES FAIR AND REASONABLE?

A. Yes.

Q. DID THE PARTIES STIPULATE TO AN EFFECTIVE DATE FOR THE NEW RATES?

A. Yes. The Parties supports having the tariffs become effective for service on and after April 1, 2010.

Q. WHAT IS YOUR RECOMMENDATION REGARDING THE STIPULATION?

A. Staff recommends the Commission admit the Stipulation into the UW 136 record and adopt the Stipulation in its entirety.

Q. DOES THIS CONCLUDE YOUR DIRECT TESTIMONY?

A. Yes.

CWC's Reasons for Requesting an Increase in Rates as Quoted from its Application:

> The current variable-only rate was chosen on the basis of inaccurate and significantly over-projected water usage by our customers. It was chosen before a comprehensive, but realistic, study of our equipment and system replacement requirements was completed. As a consequence of these factors, the Water Company sustained a loss in its first year of operation as a utility. A further factor, demonstrating the need for a base-rate component, was that for certain months the Company was nearing a liquidity crisis.
>
> The majority of the Water Company's water delivery system is between twenty and twenty-five years old. For a variety of reasons, the predecessors-in-interest to the Water Company were not attentive to establishing capital reserves to replace or rejuvenate the aging system or to receiving any rate of return. During this historical period (almost twenty years), our homeowner-association customers enjoyed the benefits of extraordinarily low charges. Should the Water Company's delivery system experience a major failure in its components, and the Company is without sufficient current revenues and/or reserve funds to effect immediate repair. . .
>
> Our customers (and the homeowners to whom many of our customers redistribute the water) would all suffer if our service was disrupted for want of the funds to replace and improve our system components on a schedule to avoid or minimize catastrophic failures.

CASE: UW 136
WITNESS: Kathy Miller

PUBLIC UTILITY COMMISSION OF OREGON

STAFF EXHIBIT 101

Exhibits in Support Of Direct Testimony

January 19, 2010

CHARBONNEAU
CHARBONNEAU GOLF CLUB, INC
32020 S.W. Charbonneau Drive • Wilsonville, Oregon 97070 • (503)694-2454 • Fax (503) 694-2323

November 19, 2009

Kathy Miller
Sr. Utility Analyst Water Program
Public Utility Commission
P.O. Box 2148 Suite 215
Salem, Oregon 97308-2148

Re: Charbonneau Water Company; Docket UW 136

Dear Ms. Miller:

You expressed some concern about the difficulty of separating and identifying Charbonneau Water Company's expenses and have asked the Company for some assurance that our record keeping systems can be somewhat reorganized to better facilitate that need. By this letter, we are informing you of the steps we have already taken or soon will be taking. We expect to have these procedures fully in place by the start of 2010.

Purchase order/invoice filing: We will create separate file folders specifically for invoices and purchase orders that pertain to the Water Company. If the needs of the Grounds Department of CGCI require ordering multiple products from a vendor only some of which are for the Water Company, we will issue distinct purchase orders and will request that the vendor issue distinct invoices. We will set up an intra-office protocol to see that payment is made by distinct checks correlated to those invoices. If a vendor nevertheless issues a single invoice for multiple products not all of which pertain to the Water Company (e.g. a phone bill), we will still endeavor to issue separate checks and we will place a duplicate of the invoice in Water Company records with the portion attributable to the Water Company highlighted or circled.

Allocated Overhead expense: For those expenses that it impracticable to break out separate charges (e.g. copying machine rental, insurance premiums, bookkeeper salary and benefits), we will continue to use an allocation formula such as proportional revenue generation from the trailing year. We will perform periodic checks to see that the formula is applied consistently.

Direct charges: The General Manager's salary will charged to the Water Company as per our annual budget and any revisions thereto. Direct labor charges from the Grounds Department will be based on daily time records and will identify the individual employees involved on each such Water Company assignment/project. Where practicable, employer-paid benefits will be charged on a monthly basis in proportion to the hours worked on Water Company assignments/projects.

Amortization of Capital Equipment: From time to time, the Water Company may need to use heavy equipment and/or Cushman carryalls. If such equipment is not available from the Grounds Department of CGCI, the equipment will be rented with the usual invoices, etc. If the equipment is available through the Grounds Department, a pro-rated charge will be shown based on actual usage and current rates from vendors.

We trust this provides the assurance you were seeking. If you have any further suggestions, please let me know.

Alan Arsenault

Manager, Charbonneau Water Company

Charbonneau Water Company LLC
Test Year: April 1, 2008 - March 31, 2009

REVENUE SENSITIVE COSTS

Revenues		1.0000
O&M - Uncollectibles		0.0000
Franchise Fees		0.0000
OPUC Fee		0.0025
Short-term Interest		0.0000
State Taxable Income		0.9975
State Income Tax @	**6.60%**	**0.0658**
Federal Taxable Income		0.9317
Federal Income Tax @	**35.00%**	**0.3261**
Total Income Taxes		0.3919
Total Revenue Sensitive Costs		0.3944
Utility Operating Income		0.6056
Net-to-Gross Factor		**1.6513**

COST OF CAPITAL

		Capital Structure	Cost	Weighted Cost
DEBT				
	$0	0.00%	0.00%	0.00%
	$0			0.00%
EQUITY	$200,000	24.36%	8.90%	2.17%
	$490,453	59.74%	8.90%	5.32%
	$80,000	9.74%	8.90%	0.87%
	$50,524	6.15%	8.90%	0.55%
	$820,977	100.00%		8.90%

Company Requested Rate of Return **8.90%**

Allocation

	Golf Course	Water	Weight	Golf Course	Water
Net Plant	$3,764,886	$1,341,584	33.33%	24.57%	8.76%
Revenue	$1,026,250	$154,800	33.34%	28.97%	4.37%
Expenses	$953,729	$218,309	33.33%	27.12%	6.21%
				80.67%	19.33%

Charbonneau Water Company
UW 136
PLANT DEPRECIATION SCHEDULE

		C	D	E	F	G	H	I	J	K	L	M	N	O	P	Q	R	S	T	U	V	W	X	Y	Z	AA	AB	AC	AD	AE	AF	AG	AH	AI	AJ	AK
Acct No.	Account Description	Date Acquired	Utility Plant Orig Cost	Less Excess Capacity Adj to Plant	Total Adj Plant	NARUC Asset Life	Annual Deprec	Final Month of Deprec	Before 1985	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	Accum Depr thru 2009	Remaining Plant 2009
301	Organization																																			
					0	0	0		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
					0	0	0		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
					0	0	0		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
					0	0	0		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
302	Franchises																																			
					0	0	0		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
					0	0	0		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
					0	0	0		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
					0	0	0		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
303	Land and Land Rights																																			
					0	0	0		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
					0	0	0		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
					0	0	0		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
					0	0	0		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
304	Structures and Improvements																																			
x	Power Cabinet	Apr 1999	9,837		9,837	35	281	Apr 2034	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	211	281	281	281	281	281	281	281	281	281	281	3,021	6,816
	CWIP Electrical Panel/Cover	Sep 2010	3,000		3,000	35	86	Sep 2045	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	3,000
					0	35	0		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
					0	35	0		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
305	Collecting and Impounding Reservoirs																																			
					0	50	0		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
					0	50	0		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
					0	50	0		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
					0	50	0		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
306	Lake, River and Other Intakes																																			
x	River Controls	Apr 1998	6,558		6,558	35	187	Mar 2033	0	0	0	0	0	0	0	0	0	0	0	0	0	0	156	187	187	187	187	187	187	187	187	187	187	187	2,213	4,345
x	Water Meter	Apr 1999	3,279		3,279	35	94	Mar 2034	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	78	94	94	94	94	94	94	94	94	94	94	1,018	2,261
					0	35	0		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
					0	35	0		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
307	Wells and Springs																																			
x	Well Controls	Apr 1999	3,279		3,279	25	131	Mar 2024	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	109	131	131	131	131	131	131	131	131	131	131	1,419	1,860
x	Water Meter (Well)	Apr 1999	3,279		3,279	25	131	Mar 2024	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	109	131	131	131	131	131	131	131	131	131	131	1,419	1,860
					0	25	0		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
					0	25	0		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
308	Infiltration Galleries and Tunnels																																			
					0	25	0		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
					0	25	0		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
					0	25	0		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
					0	25	0		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
309	Supply Main																																			
x	10" PVC River Supply Line	May 1990	63,940		63,940	50	1,279	Apr 2040	0	0	0	0	0	0	959	1,279	1,279	1,279	1,279	1,279	1,279	1,279	1,279	1,279	1,279	1,279	1,279	1,279	1,279	1,279	1,279	1,279	1,279	1,279	25,260	38,680
x	Foot Valve	May 1990	1,639		1,639	50	33	Apr 2040	0	0	0	0	0	0	25	33	33	33	33	33	33	33	33	33	33	33	33	33	33	33	33	33	33	33	652	987
x	Rail System	Apr 1999	4,918		4,918	50	98	Mar 2049	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	82	98	98	98	98	98	98	98	98	98	98	1,062	3,856
x	10" AC Well Supply Line	May 1990	52,464		52,464	50	1,049	Apr 2040	0	0	0	0	0	0	787	1,049	1,049	1,049	1,049	1,049	1,049	1,049	1,049	1,049	1,049	1,049	1,049	1,049	1,049	1,049	1,049	1,049	1,049	1,049	20,718	31,746
x	Supply Control Panel + VDL	Apr 1999	32,790		32,790	50	656	Mar 2049	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	547	656	656	656	656	656	656	656	656	656	656	7,107	25,683
x	Vaults	Apr 1999	49,185		49,185	50	984	Mar 2049	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	820	984	984	984	984	984	984	984	984	984	984	10,660	38,525
					0	50	0		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	CWIP Vaults rebuild/resurface	Sep 2010	5,000		5,000	50	100	Aug 2060	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	5,000
	CWIP Vault Gate & Check Valves	Sep 2010	8,000		8,000	50	160	Aug 2060	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	8,000
	CWIP Gate Isolation Valves rebuilt	Sep 2010	7,000		7,000	50	140	Aug 2060	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	7,000
					0	50	0		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
310	Power Generation Equipment																																			
					0	30	0		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
					0	30	0		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
					0	30	0		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
					0	30	0		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
311	Pumping Equipment																																			
x	River Pump	Apr 1999	9,837		9,837	20	492	Mar 2019	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	410	492	492	492	492	492	492	492	492	492	492	5,330	4,507
x	100 HP Motor (River)	May 1999	40,987		40,987	20	2,049	Apr 2019	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1,537	2,049	2,049	2,049	2,049	2,049	2,049	2,049	2,049	2,049	2,049	22,027	18,960
x	40 HP Motor (Well)	Apr 1999	4,918		4,918	20	246	Mar 2019	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	205	246	246	246	246	246	246	246	246	246	246	2,665	2,253
x	25 HP PMP Pump Motors (PO $1550)	Apr 1999	3,279		3,279	20	164	Mar 2019	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	137	164	164	164	164	164	164	164	164	164	164	1,777	1,502
x	PMP Pump	Apr 1999	3,279		3,279	20	164	Mar 2019	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	137	164	164	164	164	164	164	164	164	164	164	1,777	1,502
x	60 HP Var Pump Motors	Apr 1999	4,918		4,918	20	246	Mar 2019	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	205	246	246	246	246	246	246	246	246	246	246	2,665	2,253
x	60 HP CS Pump Motors	Apr 1999	8,197		8,197	20	410	Mar 2019	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	342	410	410	410	410	410	410	410	410	410	410	4,442	3,755
x	Large 60 HP Pumps	Apr 1999	19,674		19,674	20	984	Mar 2019	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	820	984	984	984	984	984	984	984	984	984	984	10,660	9,014
x	Sump Pumps	Apr 1999	1,639		1,639	20	82	Mar 2019	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	68	82	82	82	82	82	82	82	82	82	82	888	751
x	Pump Valve	May 1990	1,639		1,639	20	82	Apr 2010	0	0	0	0	0	0	62	82	82	82	82	82	82	82	82	82	82	82	82	82	82	82	82	82	82	82	1,620	19
x	Well Pump	Apr 1999	1,639		1,639	20	82	Mar 2019	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	68	82	82	82	82	82	82	82	82	82	82	888	751
	CWIP Large Pumps 60hp rebuilt	Sep 2010	6,000		6,000	20	300	Aug 2030	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	6,000
	Rebuild River Pump 2393.98 parts + 684 labor	Jan 2009	3,078		3,078	20	154	Jan 2029	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	154	154	2,924
	Replace Pump Motor 6 1550 parts + 60 labor	Aug 2008	1,610		1,610	20	81	Aug 2028	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	34	81	115	1,495
	Rebuild Pump #5 2422.81 pts + 724 labor	Apr 2009	3,147		3,147	20	157	Mar 2029	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	131	131	3,016
	Rebuild Pump #4 1145 pts + 734 labor	Apr 2009	1,879		1,879	20	94	Mar 2029	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	78	78	1,801
	Motor Sleeves/Turn from Purch Orders	Feb 2008	1,791		1,791	20	90	Jan 2028	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	90	90	180	1,611
	Riiver Pump Filter Motor & Switch Box/Filter (PO)	Aug 2008	1,045		1,045	20	52	Jul 2028	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	26	52	78	967
	Sleeve Flange Set From Purchase Orders	Jan 2009	1,753		1,753	20	88	Jan 2029	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	88	88	1,665
	River Pump Panel & Pump #4 from Pur Orders	Jul 2008	5,179		5,179	20	259	Jul 2028	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	130	259	389	4,790
	Hydrotronics ?? Date and Plant Unknown	Jan 2008	3,862		3,862	20	193	Dec 2027	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	16	193	209	3,653
					0	20	0		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0

Charbonneau Water Company
UW 136
PLANT DEPRECIATION SCHEDULE

					0	20	0		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
					0	20	0		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
					0	20	0		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
					0	20	0		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
					0	20	0		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
320	Water Treatment Equipment																																			
x	Filter	May 1990	32,790		32,790	20	1,639	Apr 2010	0	0	0	0	0	0	1,229	1,639	1,639	1,639	1,639	1,639	1,639	1,639	1,639	1,639	1,639	1,639	1,639	1,639	1,639	1,639	1,639	1,639	1,639	1,639	32,370	420
x	Filters (Screens)	Apr 1999	1,639		1,639	20	82	Mar 2019	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	68	82	82	82	82	82	82	82	82	82	82	888	751
					0	20	0		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
					0	20	0		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
330	Distribution Reservoir and Standpipes																																			
x	Gate Isolation Valves	May 1990	32,790		32,790	50	656	Apr 2040	0	0	0	0	0	0	492	656	656	656	656	656	656	656	656	656	656	656	656	656	656	656	656	656	656	656	12,956	19,834
x	Pond Liner & Labor	Jan 1990	204,936		204,936	50	4,099	Dec 2039	0	0	0	0	0	0	342	4,099	4,099	4,099	4,099	4,099	4,099	4,099	4,099	4,099	4,099	4,099	4,099	4,099	4,099	4,099	4,099	4,099	4,099	4,099	78,223	126,713
	Replace East Gate Valve 1093 parts+331 labor	Feb 2009	1,424		1,424	50	28	Feb 2059	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	26	26	1,398
	End Bearing Cap from Purchase Orders	Mar 2009	585		585	50	12	Mar 2059	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	10	10	575
	6" Gate Valve w/Accessories from Purchace Orders	Nov 2008	731		731	50	15	Nov 2058	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	3	15	18	713
	8" Mainline Gate Val PO&WO 1078 parts + 463 labo	Jul 2008	1,541		1,541	50	31	Jul 2058	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	16	31	47	1,494
	Lining Pond	Dec 2009	555		555	5	111	Nov 2014	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	19	19	536
					0	50	0		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
331	Transmission and Distribution Mains																																			
x	4" PVC Laterals	May 1990	245,923		245,923	50	4,918	Apr 2040	0	0	0	0	0	0	3,689	4,918	4,918	4,918	4,918	4,918	4,918	4,918	4,918	4,918	4,918	4,918	4,918	4,918	4,918	4,918	4,918	4,918	4,918	4,918	97,131	148,792
x	Vault Gate and Check Valves + Labor	May 1990	90,172		90,172	50	1,803	Apr 2040	0	0	0	0	0	0	1,352	1,803	1,803	1,803	1,803	1,803	1,803	1,803	1,803	1,803	1,803	1,803	1,803	1,803	1,803	1,803	1,803	1,803	1,803	1,803	35,609	54,563
x	6" & 8" PVC Mainline (R&G)	May 1990	218,052		218,052	50	4,361	Apr 2040	0	0	0	0	0	0	3,271	4,361	4,361	4,361	4,361	4,361	4,361	4,361	4,361	4,361	4,361	4,361	4,361	4,361	4,361	4,361	4,361	4,361	4,361	4,361	86,130	131,922
x	8" AC Mainline (Y)	May 1990	111,485		111,485	50	2,230	Apr 2040	0	0	0	0	0	0	1,673	2,230	2,230	2,230	2,230	2,230	2,230	2,230	2,230	2,230	2,230	2,230	2,230	2,230	2,230	2,230	2,230	2,230	2,230	2,230	44,043	67,442
					0	50	0		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
					0	50	0		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
					0	50	0		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
					0	50	0		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
333	Services																																			
					0	30	0		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
					0	30	0		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
					0	30	0		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
					0	30	0		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
334	Meters and Meter Installations																																			
334	*CIAIC Customer Water Meters - $131,323	Apr 2008	0		0	20	0	Mar 2028	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
x	CWIP Water Meters 1" and 3"	Sep 2010	2,000		2,000	20	100	Aug 2030	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	2,000
	2 Flowmeters	Apr 2008	5,198		5,198	20	260	Apr 2028	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	195	260	455	4,743
	Flow Meter Installation from Purchase Orders	May 2008	2,598		2,598	20	130	May 2028	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	87	130	217	2,381
					0	20	0		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
					0	20	0		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
					0	20	0		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
					0	20	0		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
335	Hydrants																																			
					0	40	0		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
					0	40	0		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
					0	40	0		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
					0	40	0		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
336	Cross Connection Control (utility owned)																																			
					0	15	0		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
					0	15	0		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
					0	15	0		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
					0	15	0		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
339	Other Plant																																			
					0	30	0		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
					0	30	0		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
					0	30	0		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
					0	30	0		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
340	Office Furniture and Equipment																																			
					0	20	0		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
					0	20	0		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
					0	20	0		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
					0	20	0		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
341	Transportation Equipment																																			
					0	7	0		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
					0	7	0		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
					0	7	0		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
					0	7	0		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
343	Tools, Shop, and Garage Equipment																																			
					0	15	0		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
					0	15	0		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
					0	15	0		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
					0	15	0		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
344	Laboratory Equipment																																			
					0	15	0		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
					0	15	0		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
					0	15	0		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
					0	15	0		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
345	Power Operated Equipment																																			
					0	10	0		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
					0	10	0		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
					0	10	0		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
					0	10	0		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
346	Communication Equipment																																			
					0	10	0		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0

					0	10	0		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
					0	10	0		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
					0	10	0		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
347	**Electronic/Computer Equipment**																																			
	Hand Held Meter Wand	Jan 2009	4,500		4,500	5	900	Dec 2013	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	75	75	4,425
					0	5	0		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
					0	5	0		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
					0	5	0		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
348	**Miscellaneous Equipment**																																			
					0	10	0		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
					0	10	0		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
					0	10	0		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
					0	10	0		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
OTALS			1,340,440	0	1,340,440		0		0	0	0	0	0	0	13,881	22,149	22,149	22,149	22,149	22,149	22,149	22,149	22,305	28,289	29,712	29,712	29,712	29,712	29,712	29,712	29,712	29,712	30,309	31,404	518,927	821,510

Original Plant In Service Cost Less CIAC	**1,309,440**
PLUS CWIP	**31,000**
Subtotal	**1,340,440**
Less Accum Depreciation	**518,927**
NET PLANT	**821,513**

518,927

2009 Depreciation Expense	**31,404**

31,404

*CIAC	131,323	Customer Meters	Apr-08

CWIP	Date	Item
3,000	9/1/10	CWIP Electrical Panel/Cover
5,000	9/1/10	CWIP Vaults rebuild/resurface
8,000	9/1/10	CWIP Vault Gate & Check Valves
7,000	9/1/10	CWIP Gate Isolation Valves rebuilt
6,000	9/1/10	CWIP Large Pumps 60hp rebuilt
2,000	9/1/10	CWIP Water Meters 1" and 3"
31,000		

Charbonneau Water Company LLC
DOCKET NO. UW 136
Test Year: April 1, 2008 - March 31, 2009

Company Case	Staff	
91.0%	35.2%	Above adjusted current rates

Staff/101
Miller/7

	Acct. No.	REVENUES	A Balance Per Application Test Year: April 1, 2008 - March 31, 2009	B Proposed Company Adjustments	C Adjusted Results (A+B=C)	D Proposed Staff Adjustments	E Adjusted Results (A+D=E)	F Staff Proposed Rev Changes	G Proposed Results (E+F=G)
1	461.1	Residential Water Sales			0	0	0	0	0
2	461.2	Commercial Water Sales			0	0	0	0	0
3	465	Irrigation -	154,800	140,897	295,697	54,918	209,718	73,827	283,545
4	462	Irrigation - Golf Course			0	0	0	0	0
5	471	Misc. Revenues			0	0	0	0	0
6		Special Contracts			0	0	0	0	0
7		TOTAL REVENUE	154,800	140,897	295,697	54,918	209,718	73,828	283,547
8					295,697	54,918	209,718		283,545
9		OPERATING EXPENSES							
10	601	Salaries and Wages - Employees	41,565	22,335	63,900	4,643	46,208		46,208
11	603	Salaries and Wages - Officers			0	0	0		0
12	604	Employee Pension & Benefits	5,401	2,599	8,000	(906)	4,495		4,495
13	610	Purchased Water			0	0	0		0
14	611	Telephone/Communications	609	(9)	600	(9)	600		600
15	615	Purchased Power	20,216	5,784	26,000	3,599	23,815		23,815
16	618	Chemical / Treatment Expense	898	1,602	2,500	1,101	1,999		1,999
17	619	Office Supplies		1,000	1,000	1,000	1,000		1,000
18	619.1	Postage	85	715	800	215	300		300
19	620	O&M Materials/Supplies	1,598	(598)	1,000	1,398	2,996		2,996
20	621	Repairs/Maintenance	35,957	(20,957)	15,000	(25,520)	10,437		10,437
21	631	Contract Svcs - Engineering	3,188	1,812	5,000	(2,665)	523		523
22	632	Contract Svcs - Accounting	3,903	(1,403)	2,500	(2,823)	1,080		1,080
23	633	Contract Svcs - Legal	11,535	(6,535)	5,000	(5,619)	5,916		5,916
24	634	Contract Svcs - Management Fees	12,000	(12,000)	0	(12,000)	0		0
25	635	Testing		1,000	1,000	1,720	1,720		1,720
26	636	Contract Svcs - Labor	3,350	1,650	5,000	(3,350)	0		0
27	637	Contract Svcs - Billing/Collection	765	235	1,000	(765)	0		0
28		Contract Svcs - Payroll Services			0	698	698		698
29	639	Contract Svcs - Other			0	0	0		0
30	641	Rental of Building/Real Property			0	0	0		0
31	642	Rental of Equipment	756	(6)	750	(756)	0		0
32	643	Small Tools			0	0	0		0
33	648	Computer/Electronic Expenses	360	140	500	(108)	252		252
34	650	Transportation	897	(897)	0	(897)	0		0
35	656	Vehicle Insurance			0	0	0		0
36	657	General Liability Insurance	5,639	(2,539)	3,100	(2,168)	3,471		3,471
37	658	Workers' Comp Insurance	193	307	500	917	1,110		1,110
38	659	Insurance - Other			0	0	0		0
39	660	Public Relations/Advertising			0	0	0		0
40	666	Amortz. of Rate Case			0	0	0		0
41	667	Gross Revenue Fee (PUC)		875	875	524	524	185	709
42	668	Water Resource Conservation			0	0	0		0
43	670	Bad Debt Expense			0	0	0		0
44	671	Cross Connection Control Program			0	0	0		0
45	672	System Capacity Dev Program			0	0	0		0
46	673	Training and Certification	111	(111)	0	(111)	0		0
47	674	Consumer Confidence Report			0	0	0		0
48	675	General Expense	3,738	(3,738)	0	(3,738)	0		0
49		TOTAL OPERATING EXPENSE	152,764	(8,739)	144,025	(45,619)	107,145	185	107,329
					144,025	(45,619)	107,145		
		OTHER REVENUE DEDUCTIONS							
50	403	Depreciation Expense	48,283	(18,421)	29,862	(16,879)	31,404		31,404
51	407	Amortization Expense			0	0	0		0
52	408.11	Property Tax	17,261	1,309	18,570	(749)	16,512		16,512
53	408.12	Payroll Tax			0	3,466	3,466		3,466
54	408.13	Other - Franchise Fee			0	0	0		0
55	409.11	Oregon Income Tax			0	3,379	3,379	4,860	8,239
56	409.10	Federal Income Tax			0	16,735	16,735	24,074	40,809
57		TOTAL REVENUE DEDUCTIONS	218,308	(25,851)	192,457	(39,668)	178,640	29,119	207,759
58		NET OPERATING INCOME	(63,508)	166,748	103,240	94,587	31,079	44,709	75,788
						94,587	31,079		
59	101	Utility Plant in Service	1,400,287	31,000	1,431,287	(59,847)	1,340,440		1,340,440
60		Less:							
61	108.1	Depreciation Reserve	496,569	30,862	527,431	22,358	518,927		518,927
62	271	Contributions in Aid of Const			0	0	0		0
63	272	Amortization of CIAC			0	0	0		0
64	281	Accumulated Deferred Income Tax			0	0	0		0
65		Net Utility Plant	903,718	138	903,856	(82,205)	821,513	0	821,513
66		Plus: (working capital)			903,856		821,513		821,513
67	151	Materials and Supplies Inventory	24,500	0	24,500	(3,404)	21,096		21,096
68		Working Cash (Total Op Exp /12)	12,730	(728)	12,002	(3,801)	8,929	14	8,943
69		TOTAL RATE BASE	940,948	(590)	940,358	(89,410)	851,538	14	851,552
70		Rate of Return	-6.75%		10.98%		3.65%		8.90%

Charbonneau Water Company LLC

Test Year: April 1, 2008 - March 31, 2009

SUMMARY OF ADJUSTMENTS

				Staff Adjustments to Rev Req Column D	Results	Reason
		REVENUES				
1	461	Residential Water Sales	$0	$0	$0	
2	461	Commercial Water Sales	$0	$0	$0	
3	465	Irrigation -	$154,800	$54,918	$209,718	Adjusted revenues for 2009 consumption @ the current rate
4	462	Irrigation - Golf Course	$0	$0	$0	
5	471	Misc. Revenues	$0	$0	$0	
6		Special Contracts	$0	$0	$0	
7		**TOTAL REVENUE**	$154,800	$54,918	$209,718	
8						
9		**OPERATING EXPENSES**				
10	601	Salaries and Wages - Employees	$41,565	$4,643	$46,208	Water company expense @ current wages per hours per documentation
11	603	Salaries and Wages - Officers	$0	$0	$0	
12	604	Employee Pension & Benefits	$5,401	($906)	$4,495	Documented expense, applied allocation factor of 19.33%
13	610	Purchased Water	$0	$0	$0	
14	611	Telephone/Communications	$609	($9)	$600	Documented expense, applied allocation factor of 19.33%
15	615	Purchased Power	$20,216	$3,599	$23,815	Documented expense plus adjustment for 2009 PGE rate increase
16	618	Chemical / Treatment Expense	$898	$1,101	$1,999	Annual allowance for chemicals; herbicide, grass killer, pond dye
17	619	Office Supplies	$0	$1,000	$1,000	Average annual cost (two years), applied allocation factor of 19.33%
18	619	Postage	$85	$215	$300	Reflects 14 mailings, $50 for pkgs, $160 allocated for newsletter
19	620	O&M Materials/Supplies	$1,598	$1,398	$2,996	Reflect average annual cost (two year average)
20	621	Repairs/Maintenance	$35,957	($25,520)	$10,437	Documented repairs less inhouse labor and capitalized items, plus pond cleaning expense
21	631	Contract Svcs - Engineering	$3,188	($2,665)	$523	3 yr amortization of $1,569.31 engineering costs / mapping project dropped Wilsonville, $1,569/3 = 523.
22	632	Contract Svcs - Accounting	$3,903	($2,823)	$1,080	48 hours per year @ $75/hr, applied 30 percent allocation factor
23	633	Contract Svcs - Legal	$11,535	($5,619)	$5,916	Documented expense $2,734.10 plus 5 yr amortization $15,909.61 company formation work
24	634	Contract Svcs - Management Fees	$12,000	($12,000)	$0	Management fees removed; expense in salaries/wages
25	635	Testing	$0	$1,720	$1,720	Allows for 8-9 meter tests per year@ approximately $200 each; 10 year meter testing schedule
26	636	Contract Svcs - Labor	$3,350	($3,350)	$0	Expense included in salaries and wages/repairs/materials & supplies
27	637	Contract Svcs - Billing/Collection	$765	($765)	$0	Expense included in wages for secretarial
28	0	Contract Svcs - Payroll Services	$0	$698	$698	Calculated
29	639	Contract Svcs - Other	$0	$0	$0	
30	641	Rental of Building/Real Property	$0	$0	$0	
31	642	Rental of Equipment	$756	($756)	$0	No equipment rental during last two years
32	643	Small Tools	$0	$0	$0	
33	648	Computer/Electronic Expenses	$360	($108)	$252	Documented expense, applied allocation factor of 19.3%
34	650	Transportation	$897	($897)	$0	Company adjustment
35	656	Vehicle Insurance	$0	$0	$0	
36	657	General Liability Insurance	$5,639	($2,168)	$3,471	Allocation based on asset liability exposures, approx. 26 percent, verified w/insurance agent
37	658	Workers' Comp Insurance	$193	$917	$1,110	Documented workmen's comp from 10/2008 through 9/2009, applied allocation factor of 19.3%
38	659	Insurance - Other	$0	$0	$0	
39	660	Public Relations/Advertising	$0	$0	$0	
40	666	Amortz. of Rate Case	$0	$0	$0	
41	667	Gross Revenue Fee (PUC)	$0	$524	$524	Calculation
42	668	Water Resource Conservation	$0	$0	$0	
43	670	Bad Debt Expense	$0	$0	$0	
44	671	Cross Connection Control Program	$0	$0	$0	
45	672	System Capacity Dev Program	$0	$0	$0	
46	673	Training and Certification	$111	($111)	$0	Company adjustment
47	674	Consumer Confidence Report	$0	$0	$0	
48	675	General Expense	$3,738	($3,738)	$0	Company adjustment
49		**TOTAL OPERATING EXPENSE**	$152,764	($45,619)	$107,145	
		OTHER REVENUE DEDUCTIONS				
50	403	Depreciation Expense	$48,283	($16,879)	$31,404	See Depreciation Schedule
51	407	Amortization Expense	$0	$0	$0	
52	408	Property Tax	$17,261	($749)	$16,512	Total property tax times allocation factor of 26% (% of total assets)
53	408	Payroll Tax	$0	$3,466	$3,466	Calculation
54	408	Other - Franchise Fee	$0	$0	$0	
55	409	Oregon Income Tax	$0	$3,379	$3,379	Calculation (6.6%)
56	409	Federal Income Tax	$0	$16,735	$16,735	Calculation (35%)
57		**TOTAL REVENUE DEDUCTIONS**	$218,308	($39,668)	$178,640	Sum
58		**NET OPERATING INCOME**	-$63,508	$94,587	$31,079	Calculation
59	101	Utility Plant in Service	$1,400,287	($59,847)	$1,340,440	See Plant Schedule
60		Less:				
61	108	Depreciation Reserve	$496,569	$22,358	$518,927	See Depreciation Schedule
62	271	Contributions in Aid of Const	$0	$0	$0	
63	272	Amortization of CIAC	$0	$0	$0	
64	281	Accumulated Deferred Income Tax	$0	$0	$0	
65		**Net Utility Plant**	$903,718	($82,205)	$821,513	Plant less Depreciation
66		Plus: (working capital)		$0	$0	
67	151	Materials and Supplies Inventory	$24,500	($3,404)	$21,096	See Inventory Worksheet
68		Working Cash (Total Op Exp /12)	$12,730	($3,801)	$8,929	Calculation
69		**TOTAL RATE BASE**	$940,948	($89,410)	$851,538	Calculation

Charbonneau Water Company LLC
Test Year: April 1, 2008 - March 31, 2009

RATE DESIGN

Proposed Revenues of:	$283,547

Base/Commodity Split

Variable Rate		Proposed Rev		
	70.00%	$283,547	=	$198,483
Base Rate		Proposed Rev		
	30.00%	$283,547	=	$85,064
				$283,547

BASE RATES

Size of Line	Number of Customers	Current Monthly Base Rate	Staff Proposed Monthly Base Rate	Total Annual Revenues	Company Proposed Monthly Base Rate	Revenue at Current Rates
Residential						
5/8"	0	$0.00	$0.00	$0		$0
3/4"			$0.00	$0		$0
1"			$0.00	$0		$0
1.5"			$0.00	$0		$0
2"			$0.00	$0		$0
3"			$0.00	$0		$0
	0					
Commercial						
5/8" or 3/4"	0	$0.00		$0		$0
1"	10	$0.00	**$21.05**	$2,526	$32.34	$0
1.5"	42	$0.00	**$42.10**	$21,218	$64.68	$0
2"	29	$0.00	**$67.36**	$23,441	$103.49	$0
3"	5	$0.00	**$126.30**	$7,578	$194.03	$0
4"	0	0	211	0	0	0
6"	6	$0.00	**$421.00**	$30,312	$646.76	$0
	92					
TOTALS	**92**			**$85,076**		**$0**

0.0%

COMMODITY RATE **1.47** **per 748 gals or one unit**

Proposed Revenue		**Consumption**		**Average Rate**	Previous Rate
$198,482.82	divided by	134,811	=	$1.4723 per unit	1.35 per Unit

100,838,264	Average usage based on 2008 & 2009 usage		
0	Minus base consumpt ("free" water x cust x 12 months)		
100,838,264			
748	Divided by unit of measure	748	gals
134,811	Total Units Consumed		

CERTIFICATE OF SERVICE

UW 136

I certify that I have this day served the foregoing document upon all parties of record in this proceeding by delivering a copy in person or by mailing a copy properly addressed with first class postage prepaid, or by electronic mail pursuant to OAR 860-13-0070, to the following parties or attorneys of parties.

Dated at Salem, Oregon, this 19th day of January, 2010.

Kay Barnes

Kay Barnes
Public Utility Commission
Regulatory Operations
550 Capitol St NE Ste 215
Salem, Oregon 97301-2551
Telephone: (503) 378-5763

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Service List (Parties)

STEVE CHINN	PO BOX 2 WILSONVILLE OR 97002 chinno@centurytel.net
LARRY KRIEGSHAUSER	7887 SACAJAWEA WAY WILSONVILLE OR 97002 lrkbeach@centurytel.net
CHARBONNEAU COUNTRY CLUB SUSIE STEVENS	32000 SW CHARBONNEAU DR WILSONVILLE OR 97070 ccc@teleport.com
CHARBONNEAU GOLF CLUB INC ALAN A ARSENAULT GENERAL MGR	32020 SW CHARBONNEAU DR WILSONVILLE OR 97070
CHARBONNEAU HOMEOWNERS ASSOCIATION DENNIS JABLONSKI CHOA BOARD PRESIDENT	PO BOX 219 WILSONVILLE OR 97070
CHARBONNEAU VILLAGE CENTER CONDOMINIUM SUSIE STEVENS	32000 SW CHARBONNEAU DRIVE WILSONVILLE OR 97070 ccc@teleport.com
DEPARTMENT OF JUSTICE JASON W JONES ASSISTANT ATTORNEY GENERAL	REGULATED UTILITY & BUSINESS SECTION 1162 COURT ST NE SALEM OR 97301-4096 jason.w.jones@state.or.us
PUBLIC UTILITY COMMISSION KATHY MILLER	550 NE CAPITOL ST STE 215 SALEM OR 97301-2551 kathy.miller@state.or.us
VILLAGE GREENS CIRCLE NEIGHBORHOOD ASSOCIATION DON MASON	7766 SW VILLAGE GREENS CIRCLE WILSONVILLE OR 97070 dmason.family@comcast.net