



Oregon

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May 20, 2014

Via Electronic Filing and U.S. Mail

OREGON PUBLIC UTILITY COMMISSION
ATTENTION: FILING CENTER
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**RE: Docket No. UW 158 – In the Matter of
SALMON VALLEY WATER COMPANY, Request for a General Rate
Revision.**

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

/s/ Kay Barnes

Kay Barnes

Filing on Behalf of Public Utility Commission Staff

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c: UW 158 Service List (parties)

**PUBLIC UTILITY COMMISSION
OF OREGON**

UW 158

**STAFF TESTIMONY
OF**

CELESTE HARI

**In the Matter of
SALMON VALLEY WATER COMPANY,
Request for a General Rate Revision.**

May 20, 2014

CASE: UW 158
WITNESS: CELESTE HARI

**PUBLIC UTILITY COMMISSION
OF
OREGON**

STAFF EXHIBIT 100

**Testimony
In Support of
The Stipulation**

May 20, 2014

1 **Q. PLEASE STATE YOUR NAME, OCCUPATION, AND BUSINESS**
2 **ADDRESS.**

3 A. My name is Celeste Hari. I am a Water Utility Analyst in the
4 Telecommunications and Water Division of the Utility Program for the Public
5 Utility Commission of Oregon (Commission). My business address is 3930
6 Fairview Industrial Dr. SE, Salem, Oregon, 97302.

7 **Q. PLEASE DESCRIBE YOUR WORK EXPERIENCE AT THE OREGON**
8 **PUBLIC UTILITY COMMISSION.**

9 A. Please see Exhibit Staff/102, Hari/1.

10 **Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?**

11 A. The purpose of my testimony is to introduce and support the stipulation agreed
12 to by the parties in Docket UW 158 (the Stipulation).

13 **Q. WHO ARE THE PARTIES TO THE STIPULATION?**

14 A. The parties are Salmon Valley Water Company, Inc. (Salmon Valley or the
15 Company), appearing by and through its President and Manager Michael
16 Bowman; and Staff, appearing by and through its attorney Jason Jones;
17 collectively referred to as the "Parties."

18 **Q. DID YOU PREPARE AN EXHIBIT FOR THIS DOCKET?**

19 A. Yes. I prepared Exhibit Staff/101 and Exhibit Staff/102:

20	Revenue Requirement	Staff/101, Hari/1
21	Summary of Staff Adjustments	Staff/101, Hari /2
22	Cost of Capital	Staff/101, Hari /3
23	Plant and Depreciation	Staff/101, Hari /4-6
24	Stipulated Flat Rate	Staff/101, Hari/7
25	Stipulated Base Rates	Staff/101, Hari /8
26	Stipulated Commodity Rate	Staff/101, Hari /9

1	Stipulated Residential Rates Impact	Staff/101, Hari/10
2	Stipulated Business Rates Impact	Staff/101, Hari/11
3	Witness Qualification Statement	Staff/102, Hari/1

4 **Q. HOW IS YOUR TESTIMONY ORGANIZED?**

5 A. My testimony is organized as follows:

6	Issue 1, Summary Recommendation	3
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ISSUE 1, SUMMARY RECOMMENDATION

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Q. BRIEFLY SUMMARIZE YOUR RECOMMENDATION.

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A. I recommend that the Commission adopt the Stipulation agreed to by the Parties.

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Q. PLEASE EXPLAIN.

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A. The proposed rates are based upon total annual water sales revenue of

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\$324,748. This results in an overall average increase of 32.95 percent over 2012

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test year water sales revenue and a rate base of \$324,110 with an opportunity to

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earn a 7.6 percent rate of return on that rate base. While the Company will see

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an overall 32.95 percent increase, the impact on the individual customer will vary

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widely. The Stipulation reflects a restructuring of the rate design to move from a

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design based on percentages of estimated water use, toward a design based

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upon actual use and cost of service. **Table 1** shows the total revenue, water

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sales revenues, operating expenses, total deductions, and net income included

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in 1) Salmon Valley's 2012 test year as filed, 2) Salmon Valley's requested

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amounts, and 3) the Stipulated amounts.

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Table 1 – Revenue Requirement Details

	Salmon Valley 2012 Test Year As Filed	Salmon Valley Requested	Stipulated Amounts
Total Revenues	244,259	339,307	324,748
Water Sales Revenues	239,817	339,307	324,748
Operating Expenses	243,172	262,721	258,315
Total Deductions	282,553	302,239	300,113
Net Income	(38,294)	37,068	24,636

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ISSUE 2.

SALMON VALLEY’S DESCRIPTION AND REGULATORY HISTORY

Q. PLEASE DESCRIBE SALMON VALLEY WATER COMPANY, INC.

A. Salmon Valley is located near Welches, Oregon, and is a privately owned, for-profit water utility. Salmon Valley provides water service to approximately 913 customers located in and around Welches. The Company was formed in 1962, incorporated in 1968, and is currently owned by JoAnn Bowman and Joyce Sewell. Michael Bowman is the President and Manager for Salmon Valley.

Q. PLEASE DESCRIBE SALMON VALLEY’S REGULATORY HISTORY.

A. Salmon Valley is a rate-regulated water utility under the jurisdiction and authority of the Commission. The Company became rate regulated by customer petition and filed its first rate case, Docket UW 43, in 1994. The Commission approved the Company’s first tariffed rates in Order No. 94-984. There have been no further regulatory actions since 1994.

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ISSUE 3,

APPLICATION FOR A RATE INCREASE

Q. PLEASE DESCRIBE SALMON VALLEY'S CURRENT APPLICATION FOR A GENERAL RATE INCREASE, DOCKET NO. UW 158.

A. The Company filed an application for a general rate increase on November 25, 2013, using a January 1, 2012, through December 31, 2012, test year. In its application, the Company proposed an overall increase of 38.91 percent or \$95,048 over test period revenues of \$244,259, resulting in an annual revenue requirement of \$339,307. The Company proposed a rate base of \$312,268 with an 11.87 percent rate of return. Staff notes that the application stated a 10.31 percent rate of return; however, upon Staff's calculation of the data supplied by the Company, the actual rate of return reflected in the application is 11.87 percent.

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

A. Salmon Valley stated in its application that it is seeking the increase to improve the Company's cash position, make system repairs and improvements, and cover the rising costs of operations. The Company also pointed out that this is the first rate increase it has requested since becoming regulated in July of 1994.

Q. PLEASE EXPLAIN HOW THE RATES WERE ESTABLISHED IN UW 45.

A. Salmon Valley's application in UW 45 requested flat and metered rates. The Company was installing meters and requested a transition from unmetered to

1 metered rates. However, the Company had no historical consumption data
2 from which rates could be calculated. Staff looked into consumption data of
3 similarly situated companies and standardized usage for residential classes
4 and individual commercial customers. Staff used the standardized
5 consumption because Salmon Valley, being a resort area, had a diverse mix of
6 customers unlike other regulated water utilities at that time. To determine
7 rates, Staff calculated percentages of total water use for the residential classes
8 and individual commercial customers based on the standardized usage. Staff
9 applied each residential class' and each commercial customers' percentages to
10 the revenue requirement to determine rates. The rate design was unique to
11 Salmon Valley and is still in effect.

12 At this time, all but two of the unmetered customers have had meters
13 installed. The remaining two unmetered customers are residential and are
14 located in a difficult ground situation. The Company states that meters will be
15 installed this summer.

16 **Q. TO WHAT TYPES OF CUSTOMERS DOES SALMON VALLEY PROVIDE**
17 **SERVICE?**

18 A. The Company currently provides service to residential customers, including
19 single family homes, condominiums and villas, and commercial customers.

20 **Q. PLEASE DESCRIBE SALMON VALLEY'S CURRENT RESIDENTIAL**
21 **CUSTOMER RATES.**

22 Salmon Valley currently charges base rates and commodity rates as noted in
23 **Table 2.** The current rates include 400 cubic feet (cf) of water use and a

1 commodity rate per 100cf of water consumed after the first 400 cf. The two
 2 unmetered residential customers pay \$22.98 per month. The current rates are
 3 different between the varied residential customers listed previously. The
 4 residential single family customers pay a higher base rate than the Resort Villas
 5 and the Condominiums. The Condominium customers pay a higher commodity
 6 rate than the Resort Villas and residential single family customers.

7 **Table 2 – Salmon Valley’s Current Residential Rates**

Customer	Base Rate Incl. 400 cf	Commodity Rate Per 100 cf
Single Family ¾	\$18.11	\$0.99
Resort Villa	\$12.07	\$0.99
Condominium	\$12.07	\$1.68
Nonmetered Flat Rate	\$22.98	NA

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 9 **Q. WHAT RESIDENTIAL RATES DID SALMON VALLEY PROPOSE IN ITS**
 10 **GENERAL RATE FILING?**

11 A. The Company proposed the following residential rates:

12 **Table 3 – Salmon Valley’s Proposed Residential Rates**

Customer	Proposed Base Rate No Usage Allowance	Proposed Commodity Rate Per 100 cf
Single Family 3/4	\$21.59	\$1.27
Resort Villa	\$21.59	\$1.27
Condominium	\$16.72	\$1.27
Nonmetered Flat Rate	\$26.64	NA

13 Salmon Valley’s proposed rates for residential ¾” and the Resort Villas are
 14 based on the meter size with the exception of the Condominium rate. Salmon

1 Valley proposed a single commodity rate of \$1.27 per every 100 cf of water
2 used for all customers. No usage allowance was proposed with the base rate.

3 **Q. PLEASE DESCRIBE SALMON VALLEY'S CURRENT COMMERCIAL**
4 **CUSTOMER RATES.**

5 A. The current commercial rates are customer specific and varied. A sampling of
6 the commercial customers is shown in **Table 4**. Each base rate includes an
7 individual amount of water usage in the rate. If a customer uses beyond the
8 allowed usage limit, they are charged the current commercial commodity rate of
9 \$0.55 per 100 cf. All commercial customers are metered.

10 **Table 4 – Sample of Salmon Valley's Current Commercial Rates**

Customer	Base Rate	Commodity Rate Per 100 cf	CF Included in Base
Commercial 3/4	\$30.18	\$0.55	365
1" Resort Pool	\$12.07	\$0.55	146
1" Medical	\$36.22	\$0.55	438
1" Restaurants	\$60.36	\$0.55	730
1.5" Landromat	\$301.80	\$0.55	3,650
1.5" Hoodland Park	\$245.97	\$0.55	2,975
1.5" RFPD	\$60.36	\$0.55	730
2" School	\$531.17	\$0.55	6,424
2" Resort	\$1,622.27	\$0.55	19,619

1 **Q. WHAT RATES DID SALMON VALLEY PROPOSE IN ITS GENERAL RATE**
2 **FILING FOR ITS COMMERCIAL CUSTOMERS?**

3 A. Salmon Valley proposed rates reflected changes in the rate spread and rate
4 design. The Company proposed regrouping commercial customers according
5 to meter size and removing all water usage allowance included in the base rate.
6 Salmon Valley proposed a single commodity rate of \$1.27 per every 100 cf of
7 water used for all water customers. **Table 5** shows the Company's proposed
8 commercial rates.

9 **Table 5 – Salmon Valley's Proposed Commercial Rates**

Customer	Base Rate	Commodity Rate Per 100 cf
Commercial 3/4	\$26.66	\$1.27
1" Commercial	\$53.99	\$1.27
1.5" Commercial	\$90.56	\$1.27
2" Commercial	\$174.15	\$1.27

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11 **Q. WHAT PROCEDURAL ACTIONS IN THIS DOCKET HAVE TAKEN PLACE**
12 **SINCE SALMON VALLEY FILED ITS APPLICATION FOR A RATE**
13 **INCREASE?**

14 A. Since the filing of the application in November 2013, the following procedural
15 actions have taken place:

- 16 1. The rates were suspended for nine months by the Administrative Law Judge
17 by Order No. 13-458 on December 9, 2013.
- 18 2. An open house and prehearing conference were held on February 6, 2014, in
19 Welches, Oregon, no customers attended; and

1 3. A settlement conference was held in Welches, Oregon, on April 17, 2014, no
2 customers attended. No petitions to intervene were filed in this docket.

3 **Q. WHAT WAS THE RESULT OF THE SETTLEMENT CONFERENCE?**

4 A. The Parties reached a settlement of all issues in the case.

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**ISSUE 4, STAFF'S ANALYSIS OF SALMON VALLEY'S
APPLICATION AND STAFF ADJUSTMENTS**

Q. WHAT IS THE PURPOSE OF THIS PORTION OF TESTIMONY?

A. This portion of testimony provides support for the Stipulation.

**Q. PLEASE DESCRIBE STAFF'S ANALYSIS OF SALMON VALLEY'S
APPLICATION.**

A. Staff analysis of Salmon Valley's application indicated that a 32.93 percent or \$80,489 increase in test year water sales revenue was warranted, resulting in a revenue requirement of \$324,748 with a 7.6 percent return on a rate base of \$324,110.

**Q. PLEASE DESCRIBE STAFF'S ADJUSTMENTS TO SALMON VALLEY'S
TEST PERIOD REVENUES.**

A. Staff made one adjustment to the test year revenues. Staff redistributed revenue from commercial water sales into residential water sales. Staff found that the existing rate design was inappropriately weighted on the larger commercial customers. To resolve the inequity, Staff adjusted the test year revenues to reflect the actual split calculated between the residential and the commercial customer revenues to reflect the new rate spread and rate design. The inequity between the residential and commercial customers is explained in detail further in my testimony.

**Q. PLEASE DESCRIBE STAFF'S MAJOR ADJUSTMENTS TO SALMON
VALLEY'S TEST PERIOD EXPENSES.**

1 A. A summary of Staff's adjustments is shown in Staff/101, Hari/2. The majority of
 2 Staff's adjustments are the result of transferring capital expenditures from
 3 expense accounts into their appropriate plant accounts. Staff also transferred
 4 various Miscellaneous Expense entries to their appropriate expense accounts.
 5 These adjustments either reduced or increased expenses in accordance with
 6 support data and known factors. Staff also eliminated or reduced expenses that
 7 were not properly supported with data. **Table 6** shows Staff's major adjustments.
 8 Staff also provides a detailed explanation of these adjustments following the
 9 table.

10 **Table 6 – Expense Adjustment Summary**

Account	Salmon Valley's Test Year	Salmon Valley's Proposed	Staff Adjustments	Staff Proposed
Employee Salaries	\$61,000	\$62,830	\$4,170	\$67,000
Telephone/Comm.	\$5,728	\$5,728	\$2,819	\$8,547
O&M	\$710	\$731	\$6,197	\$6,928
Repairs	\$5,332	\$7,907	\$(\$843)	\$7,064
Miscellaneous	\$14,290	\$12,548	\$(14,010)	\$280

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 12 1. Employee Salaries: The Company requested annual wages of \$62,830.
 13 According to Salmon Valley, the \$62,830 was supposed to include an
 14 increased annual salary of \$61,000 for the Certified Water Operator and
 15 \$6,000 for a part-time meter reader. The Company's requested wages did
 16 not reflect its desired wages. The meter reader salary was inadvertently left
 17 out of the application. Staff included the \$6,000 salary for the meter reader

1 and increased the certified water operator's actual current salary of \$56,830
2 to \$61,000, and adjusted the total accordingly.

3 2. Telephone/Communications: The Company requested an annual expense of
4 \$5,728, the same as the test year expense. However, the Company did not
5 include the cellular telephone expense currently paid out-of-pocket by the
6 Company President. Salmon Valley provided supporting invoices for both the
7 telephone land line and cellular expenses. Since cellular telephones are
8 crucial for on-call emergencies and out of office business affairs, Staff allowed
9 all of the cellular expense related to the water operator and a partial
10 allowance for the Company President. It is reasonable for the rate payers to
11 cover the expense of cellular telephones when used for water company
12 business.

13 3. O&M: Staff moved a significant amount of items from the Miscellaneous
14 Expense to the more appropriate Operations & Maintenance (O&M) Expense.

15 4. Repairs: Staff moved a few items from Repairs to the more appropriate
16 expense accounts.

17 5. Miscellaneous: The Company had an extraordinarily high expense in this
18 category. Upon investigation, Staff found that many of the individual
19 expenses were better suited to other expense accounts. Staff moved these
20 individual expenses to the more appropriate expense accounts.

1 **Q. DO YOU WISH TO ADDRESS ANY OTHER EXPENSE ISSUE?**

2 A. Yes. Staff's investigation found that Salmon Valley is delinquent in paying
3 property taxes in the amount of \$29,567.53, including interest and penalties.
4 In the previous rate case, Staff recommended an annual property tax expense
5 of \$9,419 to cover property taxes incurred in the ensuing years. The back
6 taxes owing are considered below the line and are not included in property tax
7 expense in the revenue requirement. Salmon Valley agrees to pay all back
8 taxes owing within 18 months from the date of the order approving the
9 Stipulation.

10 **Q. DID STAFF MAKE ANY ADJUSTMENTS TO SALMON VALLEY'S UTILITY**
11 **PLANT?**

12 A. Yes. Salmon Valley requested that \$21,326, the cost of replacing a pump house
13 and upgrading the equipment within, be included in Plant as Construction Work
14 In Progress (CWIP). The pump house was destroyed by a storm and was not
15 recoverable through insurance. Staff reviewed the cost and necessity of the
16 capital expenditure and allowed \$21,326 in plant as CWIP. Staff also updated
17 the plant depreciation schedule. All Plant related accounts in the revenue
18 requirements were impacted by this addition. Salmon Valley's Plant and
19 Depreciation Schedule is included as Staff/101, Hari/4-6.

20 **Q. PLEASE EXPLAIN WHAT CWIP IS?**

21 A. CWIP is a ratemaking methodology that allows the Commission to include utility
22 plant that is not yet in service to be placed in rates. ORS 757.355(1) restricts
23 public utilities from including plant in rates if it is not serving the customers. ORS

1 757.355(2) exempts water utilities from section (1) and allows the Commission to
2 include the cost of a specific capital improvement in water rates as CWIP, as
3 long as the additional water revenue is used solely for the purpose of completing
4 the capital improvement, and it is in the public interest to provide funding for the
5 capital improvement through rates.

6 The Commission has historically allowed CWIP for construction that will be
7 complete within six months of the date of the order approving new rates. Salmon
8 Valley is currently seeking to secure financing for the CWIP project. Due to the
9 short construction season in the Mount Hood area, the process of obtaining a
10 loan and completing the construction may exceed six months. Staff recommends
11 the Commission allow CWIP for the pump house replacement although the
12 construction period may extend up to 12 months from the order date.

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ISSUE 5, CUSTOMER CONCERNS

Q. DID STAFF INVESTIGATE ANY COMMENTS FILED BY SALMON

VALLEY'S CUSTOMERS?

A. Yes. Staff received a comment from one customer. The customer was concerned about water availability for new development. Staff is aware that expansion of the service area by Salmon Valley is limited due to water capacity issues. Some of the Company's water rights are not usable during certain months. Salmon Valley states that it has adequate water for current customers and those holding letters of intent, but does not have capacity for new development.

The Water Resources Department has no current enforcement action against the Company, but monitors the Salmon Valley wells. Most of the Company's wells are hydraulically connected to the surface water at the Sandy River. A decline in the Company's wells or in the scenic waterways (i.e., the Sandy or the Salmon River) would raise concerns. If this were to happen, WRD could regulate (i.e., shut off) the use of water until water levels recover. If regulation were to occur, WRD would allow water use for human and livestock consumption.

According to Salmon Valley, it would have to invest in a new well, assuming permission is granted, and install additional storage capacity before new service can be provided. These capitalized items were not requested by the Company in this docket. Salmon Valley is not looking to expand its service at this time.

ISSUE 6, RATE SPREAD AND RATE DESIGN**Q. PLEASE DESCRIBE WHAT FACTORS STAFF CONSIDERED IN DETERMINING AN APPROPRIATE RATE DESIGN AND RATE SPREAD.**

A. Salmon Valley's unique rate design currently in effect is based on standardized consumption and does not reflect the customers' actual water usage and cost of service. Staff determined that the current rate design actually results in cross subsidization between customer classes. Staff re-designed the entire rate structure incorporating the customers' actual historical water usage; thus adjusting the inequities caused by the malapportionment of water use in the current rate design. Staff crafted rates keeping the following principles in mind:

1. The primary goal of Staff is to implement a rate design that incorporates the fixed costs and demand costs in equitable and fair rates that retain affordability of services for Salmon Valley customers.
2. Balancing a reasonable increase in the base rate over all customer classes and increasing the variable rate to maintain the financial stability of the company;
3. Finding the appropriate ratio of base rate to variable rate that would reflect the high degree of seasonal usage and still allow Salmon Valley to pay its expenses during the low-usage winter months; and
4. Given the Company's customer base consisting of year-round residents, seasonal residents, seasonal resort use, and commercial customers, as well as the outdated current rate structure; Staff's recommended rate design is composed of more streamlined customer classes with less variation of base

1 rates, no usage allowances, and an equitable single commodity rate among
2 all classes of customers.

3 Regarding rate spread, Salmon Valley's current rate design set individual
4 rates for different residential and commercial customers resulting in numerous
5 customer classes. Staff grouped similar customers into customer classes
6 resulting in fewer customer classes and different rates.

7 **Q. HOW DID STAFF INCORPORATE THESE CONSIDERATIONS?**

8 A. Staff determined the revenue required to operate the water system during a
9 normal year and allocated a percentage of revenues to the base rate and a
10 percentage to the commodity rate. The resulting numbers were then analyzed
11 for reasonableness, prudence, customer acceptance, and conservation
12 incentive. Staff adjusted the percentages up and down to find an appropriate
13 balance that takes the above considerations into effect.

14 **Q. PLEASE DESCRIBE STAFF'S RECOMMENDED REVENUE SPLIT**
15 **BETWEEN THE BASE RATE AND THE COMMODITY RATE.**

16 A. Staff generally allocates the revenue requirement at 60 percent to the base rate
17 and 40 percent to the commodity rate in typical water rate cases. Salmon
18 Valley is located near Mt. Hood and many customers are seasonal or sporadic
19 water users. Staff chose a split of 25 percent to the variable rate and 75
20 percent to the base rate. If the metered rate was designed around a low base
21 rate and a high variable rate, it is probable that revenues from the variable rate
22 would not generate enough income to sustain the financial stability of the
23 Company. The proposed split provides Salmon Valley with sufficient revenues

1 generated by the base rates to maintain financial stability with less reliance on
2 fluctuating water use and variable rates.

3 **Q. HOW DID STAFF USE THE AWWA STANDARD ALLOCATION FACTORS**
4 **TO DETERMINE THE BASE RATE FOR ALL CUSTOMERS?**

5 A. Staff incorporated the AWWA standard allocation factors into its rate design.

6 The AWWA allocation factors represent customer-related costs for meters and
7 services properly distributed through capacity factors. Distribution of customer
8 costs by equivalent meter and service ratios recognize that meter and service
9 costs vary, depending on considerations such as size of service pipe, materials
10 used, and other characteristics for various sized meters as compared to 5/8
11 inch meters and service.

12 However, it was necessary for Staff to modify these factors in order to avoid
13 significant rate shock to some customer classes. Staff's modified allocation
14 factors bring the Company closer to AWWA's actual allocations.

15 Staff moved most customer classes fairly close to the standard factors with
16 the exception of the 2" Commercial customers. Staff used a much higher
17 allocation than the AWWA standard for this class. The Resort is a 2"
18 commercial customer and even with the higher factor, it will experience a
19 significant reduction in its base rate. The previous rates were weighted heavily
20 on the Resort and shifting that weight all at once would produce rate shock
21 among the rest of the customers. Staff has set in place a gradual alignment of
22 factors that should be continued in subsequent Salmon Valley rate filings, until
23 the standard AWWA factors can be applied to all customers.

1 **Table 7** shows the comparison of Staff's proposed factors and the actual
2 AWWA standard factors by customer class and meter size.

3 **Table 7 – AWWA Factor Comparisons**

Customer Class	Meter Size	Factors Used	AWWA Standard
Residential	3/4	1.23	1
Commercial	3/4	1.23	1
	1"	1.75	2.5
	1.5"	3.75	5
	2"	30	8

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5 **Q. HOW DID STAFF ALLOCATE REVENUES FOR THE BASE RATE?**

6 A. To determine the base rate, Staff calculated 75 percent of the revenue
7 requirement (\$324,748) and divided the revenues by the number of customers
8 in each class, then divided that by 12 months. The resulting base rate Staff
9 recommends for each customer class is found in **Table 8** on Page 23.

10 Staff determined rates that begin to distribute the actual cost of service to the
11 individual classes of customers incurring those costs. Staff used actual test
12 year customer consumption data and updated customer counts for calculation,
13 producing more accurate rates.

14 **Q. PLEASE EXPLAIN THE CHANGE IN THE BASE RATES PROPOSED BY**
15 **STAFF.**

16 A. The base rates for some classes of customer have changed significantly due to
17 moving to a streamlined classification of customers. The amount of change
18 varies from customer to customer. The Commission policy is to promote cost
19 of service rates and discourage subsidization of customer classes. The

1 changes in base rates for the new customer classes was necessary to properly
2 and equitably reallocate revenues to the customers, move customers to the
3 correct class, and prevent cross subsidization of one customer class by
4 another.

5 **Q. PLEASE EXPLAIN STAFF'S PROPOSAL FOR THE "FREE" WATER**
6 **ALLOWANCE INCLUDED IN THE COMPANY'S CURRENT BASE RATES.**

7 A. The current base rate includes allowances of water use in the base rate. The
8 allowance differs depending on the customer. The Company proposed
9 eliminating the usage allowance, and Staff agrees. Eliminating the water use
10 allowance from base rates means the customers pay for the actual amount of
11 water they use each month. Based on the new rate design, this may increase
12 or decrease some customer's monthly bills. In either scenario, the goal of
13 moving the Company's rates significantly closer to equitable and accurate cost
14 of service rates is achieved.

15 **Q. HOW DID STAFF ALLOCATE REVENUES FOR THE COMMODITY RATE?**

16 A. In its settlement proposal, Staff proposed a commodity rate of \$1.02 per 100 cf
17 of use per month. To obtain the optimum commodity rate, Staff calculated the
18 25 percent revenue requirement allocated to the commodity rate (\$80,992) and
19 divided it by the total proposed annual units of consumption for a normal year to
20 determine the cost of one unit¹ of water. Commodity revenue is affected by the
21 weather and population and may produce more or less revenue in an actual
22 year.

¹ One unit is equal to 100 cf.

1 **Q. HOW DID STAFF DETERMINE THE UNMETERED FLAT RATE?**

2 A. Staff proposed a residential unmetered flat rate of \$32.47. There are only two
3 customers currently without metered service. To obtain the unmetered flat rate,
4 Staff calculated the actual amount of revenue generated by the two customers
5 for the test year (\$551.52) and then determined the percentage that amount
6 was of the total revenues. That produced the factor of .23 percent. To
7 encourage conservation, Staff added a one percent premium to the proposed
8 revenue requirement factor for a total of .24 percent, and applied the factor to
9 the proposed revenue requirement (\$324,748). The resulting amount (\$779.40)
10 was divided by the number of months (12) and then by the number of
11 customers (2) to reach the rate of \$32.47 per month. The premium is
12 reasonable because unmetered flat rate customers have no incentive to be
13 conservative with water use, nor do their bills fluctuate with more use. At no
14 time does the bill change, yet the probability of excess use is higher in
15 unmetered customers.

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ISSUE 7, THE STIPULATION

Q. PLEASE EXPLAIN THE STIPULATED REVENUE REQUIREMENT.

A. The Parties agreed to and support Staff's revenue requirement of \$324,748.

Q. DID SALMON VALLEY AGREE TO STAFF'S PROPOSED RATE SPREAD AND RATE DESIGN?

A. Yes. The Parties stipulated to monthly base rates shown in **Table 8** and a commodity rate of \$1.02 per unit.

Table 8 –Stipulated Rates

Customer Class	Base Rate (per meter)	Commodity Rate per 100 cf
Residential		
¾" Residential (Includes Single Family Homes, Resort Villas, and Condos)	\$20.36	\$1.02
Commercial		
¾ Commercial	\$20.36	\$1.02
1" Commercial	\$35.05	\$1.02
1.5" Commercial	\$75.12	\$1.02
2" Commercial	\$500.77	\$1.02

Q. PLEASE EXPLAIN THE IMPACT OF STAFF'S RATE DESIGN UPON CUSTOMERS.

A. The impact of Staff's recommended rates based upon the amount of water used is shown in Staff/101, Hari/7. As indicated in the exhibit, the monthly base rate will increase for residential customers by different amounts. This is because the Resort Villas and Condominiums were being charged a lower base

1 rate than the ¾” residential customers in the current rates. These three types
2 of customers are now all in the same customer class and are charged the same
3 base and commodity rates.

4 Commercial customers in the ¾”, 1”, and 1.5” categories will all see an
5 increase in base rates. The 2” Commercial customers will see a decrease in
6 base rates, with the Resort will seeing the most significant decrease.

7 There is no water use included in the base rate so all classes of customers
8 will accumulate charges beginning with the first 100 cf of use. The effect of this
9 varies among the different customer classes. This factor combined with the
10 general increase in base rates give most customers an increase in their
11 monthly bills. The customers who do not experience an increase are those
12 who were over-allocated due to the use of estimated consumption used in the
13 current rate design.

14 **Q. DID ALL PARTIES AGREE TO AND SUPPORT THE RATES RESULTING**
15 **FROM THE STIPULATION?**

16 A. Yes.

17 **Q. DID THE PARTIES AGREE TO AND SUPPORT AN EFFECTIVE DATE FOR**
18 **THE NEW RATES?**

19 A. Yes. The Parties agree to and support the rates being effective for service
20 rendered on and after July 1, 2014.

21 **Q. DID THE PARTIES AGREE TO AND SUPPORT ANY OTHER CONDITIONS?**

22 A. Yes. The Parties agree to the following conditions:

23 1. Salmon Valley will file a rate case with the Commission on or before

1 July 1, 2017.

2 2. Salmon Valley will pay all back taxes owing (\$29,567.53) within 18 months
3 from the date of the order approving the Stipulation.; and

4 3. Salmon Valley will secure financing and complete the pump house
5 construction by June 30, 2015.

6 **Q. ARE THE RESULTING RATES FAIR AND REASONABLE?**

7 A. Yes.

8 **Q. WHAT IS STAFF'S RECOMMENDATION?**

9 A. Staff recommends the Commission receive the Stipulation into the UW 158
10 record and adopt the Stipulation in its entirety.

11 **Q. DOES THIS CONCLUDE YOUR DIRECT TESTIMONY?**

12 A. Yes.

CASE: UW 158
WITNESS: CELESTE HARI

**PUBLIC UTILITY COMMISSION
OF
OREGON**

STAFF EXHIBIT 101

**Exhibits in Support
Of Testimony**

May 20, 2014

Company Proposed Increase Above Test Year Revenue	38.91%
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Staff Proposed Increase Above Test Year Revenues	32.95%
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Revenue Requirement

Acct No.	REVENUES	A	B	C	D	E	F	G	H
		Company	Company	Company	Staff	Staff	Staff	Staff	Total
		A+B=C			C+D=E		D+F=G		C+G=H
		Balance per Application	Proposed Company Adjustments	Proposed Company Totals	Staff Adjustments	Staff Adjusted Results	Revenue-Sensitive Adjustments	Staff Total Adjustments	Staff Proposed Results
461.1	Residential Water Sales	173,200	69,827	243,027	37,488	280,515	(5,343)	32,145	275,172
461.2	Commercial Water Sales	68,617	27,663	96,280	(44,587)	51,693	(2,117)	(46,704)	49,576
462.1	Public Fire Protection	0	0	0	0	0	0	0	0
464	Water Sales to Public Authorities	0	0	0	0	0	0	0	0
465	Irrigation -	0	0	0	0	0	0	0	0
466	Sales for Resale	0	0	0	0	0	0	0	0
467	Golf Course	0	0	0	0	0	0	0	0
468	Special Contracts	0	0	0	0	0	0	0	0
471	Misc. Revenues	2,442	(2,442)	0	0	0	0	0	0
	Cross Connection Control Revenue	0	0	0	0	0	0	0	0
	Other - Specify	0	0	0	0	0	0	0	0
	Other - Specify	0	0	0	0	0	0	0	0
	TOTAL REVENUE	244,259	95,048	339,307	(7,100)	332,207	(7,459)	(14,559)	324,748
OPERATING EXPENSES									
601	Salaries and Wages - Employees	61,000	1,830	62,830	4,170	67,000		4,170	67,000
603	Salaries and Wages - Officers	72,000	2,160	74,160	(1,160)	73,000		(1,160)	73,000
604	Employee Pension & Benefits	22,989	1,839	24,828	(154)	24,674		(154)	24,674
610	Purchased Water	0	0	0	0	0		0	0
611	Telephone/Communications	5,728	0	5,728	2,819	8,547		2,819	8,547
615	Purchased Power	16,682	834	17,516	173	17,689		173	17,689
616	Fuel for Power Production	0	0	0	0	0		0	0
617	Other Utilities	0	0	0	165	165		165	165
618	Chemical / Treatment Expense	979	500	1,479	(576)	903		(576)	903
619	Office Supplies	575	21	596	(195)	400		(195)	400
619.1	Postage	2,131	200	2,331	429	2,760		429	2,760
620	O&M Materials/Supplies	710	21	731	6,197	6,928		6,197	6,928
621	Repairs to Water Plant	5,332	2,575	7,907	(843)	7,064		(843)	7,064
631	Contract Svcs - Engineering	0	0	0	0	0		0	0
632	Contract Svcs - Accounting	8,454	1,500	9,954	(468)	9,486		(468)	9,486
633	Contract Svcs - Legal	0	2,500	2,500	0	2,500		0	2,500
634	Contract Svcs - Management Fees	0	0	0	0	0		0	0
635	Contract Svcs - Testing (3 yr. average)	5,137	154	5,291	(3,167)	2,124		(3,167)	2,124
636	Contract Svcs - Labor	0	0	0	90	90		90	90
637	Contract Svcs - Billing/Collection	0	0	0	915	915		915	915
638	Contract Svcs - Meter Reading	0	0	0	0	0		0	0
639	Contract Svcs - Other	0	0	0	1,392	1,392		1,392	1,392
641	Rental of Building/Real Property	8,844	0	8,844	(1,259)	7,585		(1,259)	7,585
642	Rental of Equipment	1,060	0	1,060	0	1,060		0	1,060
643	Small Tools	0	0	0	0	0		0	0
648	Computer/Electronic Expenses	0	500	500	234	734		234	734
650	Transportation	2,101	949	3,050	626	3,676		626	3,676
656	Vehicle Insurance	0	0	0	0	0		0	0
657	General Liability Insurance	12,121	750	12,871	(750)	12,121		(750)	12,121
658	Workers' Comp Insurance	726	0	726	1,536	2,262		1,536	2,262
659	Insurance - Other	0	0	0	750	750		750	750
660	Public Relations/Advertising	0	0	0	0	0		0	0
666	Amortz. of Rate Case (3 yrs.)	1,100	0	1,100	(733)	367		(733)	367
667	Gross Revenue Fee (PUC)	650	224	874	0	0	(62)	(62)	812
668	Water Resources Conservation	0	0	0	0	0		0	0
670	Bad Debt Expense	0	750	750	0	750		0	750
671	Cross Connection Control Program	1,358	500	1,858	(525)	1,333		(525)	1,333
672	System Capacity Development	0	0	0	0	0		0	0
673	Training and Certification	450	0	450	0	450		0	450
674	Consumer Confidence Report	497	0	497	0	497		0	497
675	Miscellaneous Expense	12,548	1,742	14,290	(14,010)	280		(14,010)	280
OE1	Other Expense 1	0	0	0	0	0		0	0
OE2	Other Expense 2	0	0	0	0	0		0	0
OE3	Other Expense 3	0	0	0	0	0		0	0
	TOTAL OPERATING EXPENSE	243,172	19,549	262,721	(4,344)	257,503	(62)	(4,408)	258,315
OTHER REVENUE DEDUCTIONS									
403	Depreciation Expense	12,350	0	12,350	657	13,007		657	13,007
406	Amort of Plant Acquisition Adjustment	0	0	0	0	0		0	0
407	Amortization Expense	0	0	0	0	0		0	0
408.11	Property Tax	9,588	164	9,752	0	9,752		0	9,752
408.12	Payroll Tax	12,506	137	12,643	0	12,643		0	12,643
408.13	Other	500	0	500	(500)	0		(500)	0
409.1	Federal Income Tax	1,368	0	1,368	0	0	2,979	2,979	4,347
409.11	Oregon Income Tax	2,905	0	2,905	0	0	(857)	(857)	2,048
409.13	Extraordinary Items Income Tax	0	0	0	0	0		0	0
	TOTAL REVENUE DEDUCTIONS	282,389	19,850	302,239	(4,187)	292,905	2,060	(2,126)	300,113
	NET OPERATING INCOME	(38,130)	75,198	37,068	(2,913)	39,302	(9,519)	(12,432)	24,636
UTILITY RATE BASE									
101	Utility Plant in Service	873,436	0	873,436	11,450	884,886		11,450	884,886
272	Amortization of CIAC	0	0	0	0	0		0	0
	Less:								
108.1	Depreciation Reserve	583,061	0	583,061	(826)	582,235		(826)	582,235
271	Contributions in Aid of Const	0	0	0	0	0		0	0
281	Accumulated Deferred Income Tax	0	0	0	0	0		0	0
	Net Utility Plant	290,375	0	290,375	12,276	302,651	0	12,276	302,651
	Plus: (working capital)								
151	Materials and Supplies Inventory	0	0	0	0	0		0	0
WrkCash	Working Cash (Total Op Exp /12)	20,264	1,629	21,893	(435)	21,459		(435)	21,459
	TOTAL RATE BASE	310,639	1,629	312,268	11,841	324,110	0	11,841	324,110
	Rate of Return	(0)		11.87%					7.60%

Adjustment Summary

Acct No.	REVENUES	Company Proposed	PUC Adjustments	PUC Proposed Results	Reason for Adjustment
461.1	Residential Water Sales	\$ 243,027	\$ 32,102	\$ 275,129	Revenue sensitive/redistribution adjustment
461.2	Commercial Water Sales	\$ 96,280	\$ (46,721)	\$ 49,559	Revenue sensitive/redistribution adjustment
462.1	Public Fire Protection	\$ -	\$ -	\$ -	No Adjustment
464	Water Sales to Public Authorities	\$ -	\$ -	\$ -	No Adjustment
465	Irrigation -	\$ -	\$ -	\$ -	No Adjustment
466	Sales for Resale	\$ -	\$ -	\$ -	No Adjustment
467	Golf Course	\$ -	\$ -	\$ -	No Adjustment
468	Special Contracts	\$ -	\$ -	\$ -	No Adjustment
471	Misc. Revenues	\$ -	\$ -	\$ -	No Adjustment
	Cross Connection Control Revenue	\$ -	\$ -	\$ -	No Adjustment
	Other - Specify	\$ -	\$ -	\$ -	No Adjustment
	Other - Specify	\$ -	\$ -	\$ -	No Adjustment
	TOTAL REVENUE	\$ 339,307	\$ (14,619)	\$ 324,688	Calculation

OPERATING EXPENSES					
Acct No.		Company Proposed	PUC Adjustments	PUC Proposed Results	Reason for Adjustment
601	Salaries and Wages - Employees	\$ 62,830	\$ 4,170	\$ 67,000	Added new employee and adjusted operator salary
603	Salaries and Wages - Officers	\$ 74,160	\$ (1,160)	\$ 73,000	To keep in median of similar sized/situated companies
604	Employee Pension & Benefits	\$ 24,828	\$ (154)	\$ 24,674	Insurance adjustment
610	Purchased Water	\$ -	\$ -	\$ -	No Adjustment
611	Telephone/Communications	\$ 5,728	\$ 2,819	\$ 8,547	Moved items from other accounts/added cell phone
615	Purchased Power	\$ 17,516	\$ 173	\$ 17,689	Upcoming price increase per PUC
616	Fuel for Power Production	\$ -	\$ -	\$ -	No Adjustment
617	Other Utilities	\$ -	\$ 165	\$ 165	Moved from Misc.
618	Chemical / Treatment Expense	\$ 1,479	\$ (576)	\$ 903	Averaged
619	Office Supplies	\$ 596	\$ (196)	\$ 400	Moved items to other accounts
619.1	Postage	\$ 2,331	\$ 429	\$ 2,760	Postage price increase
620	O&M Materials/Supplies	\$ 731	\$ 6,197	\$ 6,928	Added items from other accounts
621	Repairs to Water Plant	\$ 7,907	\$ (843)	\$ 7,064	Actuals/moved items to other accounts
631	Contract Svcs - Engineering	\$ -	\$ -	\$ -	No Adjustment
632	Contract Svcs - Accounting	\$ 9,954	\$ (468)	\$ 9,486	Added for tax planning time
633	Contract Svcs - Legal	\$ 2,500	\$ -	\$ 2,500	No Adjustment
634	Contract Svcs - Management Fees	\$ -	\$ -	\$ -	No Adjustment
635	Contract Svcs - Testing	\$ 5,291	\$ (3,167)	\$ 2,124	Averaged
636	Contract Svcs - Labor	\$ -	\$ 30	\$ 30	
637	Contract Svcs - Billing/Collection	\$ -	\$ 915	\$ 915	Moved items from other accounts
638	Contract Svcs - Meter Reading	\$ -	\$ -	\$ -	No Adjustment
639	Contract Svcs - Other	\$ -	\$ 1,392	\$ 1,392	
641	Rental of Building/Real Property	\$ 8,844	\$ (1,259)	\$ 7,585	Removed sub-leased income accidentally included as expense
642	Rental of Equipment	\$ 1,060	\$ -	\$ 1,060	No Adjustment
643	Small Tools	\$ -	\$ -	\$ -	No Adjustment
648	Computer/Electronic Expenses	\$ 500	\$ 234	\$ 734	Moved items from other accounts
650	Transportation	\$ 3,050	\$ 626	\$ 3,676	Purchase tires, gas for new employee, minor repairs
656	Vehicle Insurance	\$ -	\$ -	\$ -	No Adjustment
657	General Liability Insurance	\$ 12,871	\$ (750)	\$ 12,121	Moved to Insurance - Other
658	Workers' Comp Insurance	\$ 726	\$ 1,536	\$ 2,262	Increase in wages and adding new employee
659	Insurance - Other	\$ -	\$ 750	\$ 750	Life ins., co. beneficiary/funds to run in event of owner's death
660	Public Relations/Advertising	\$ -	\$ -	\$ -	No Adjustment
666	Amortiz. of Rate Case	\$ 1,100	\$ (733)	\$ 367	Amortized over 3 years
667	Gross Revenue Fee (PUC)	\$ 874	\$ (62)	\$ 812	Revenue sensitive adjustment
668	Water Resources Conservation	\$ -	\$ -	\$ -	No Adjustment
670	Bad Debt Expense	\$ 750	\$ -	\$ 750	No Adjustment
671	Cross Connection Control Program	\$ 1,858	\$ (525)	\$ 1,333	No support
672	System Capacity Development	\$ -	\$ -	\$ -	No Adjustment
673	Training and Certification	\$ 450	\$ -	\$ 450	No Adjustment
674	Consumer Confidence Report	\$ 497	\$ 0	\$ 497	No Adjustment
675	Miscellaneous Expense	\$ 14,290	\$ (14,010)	\$ 280	Moved many items to the appropriate accounts
OE1	Other Expense 1	\$ -	\$ -	\$ -	No Adjustment
OE2	Other Expense 2	\$ -	\$ -	\$ -	No Adjustment
OE3	Other Expense 3	\$ -	\$ -	\$ -	No Adjustment
	TOTAL OPERATING EXPENSE	\$ 262,721	\$ (4,466)	\$ 258,255	Calculation

OTHER REVENUE DEDUCTIONS					
Acct No.		Company Proposed	PUC Adjustments	PUC Proposed Results	Reason for Adjustment
403	Depreciation Expense	\$ 12,350	\$ 657	\$ 13,007	Updated Current Annual Amount
406	Amort of Plant Acquisition Adjustment	\$ -	\$ -	\$ -	No Adjustment
407	Amortization Expense	\$ -	\$ -	\$ -	No Adjustment
408.11	Property Tax	\$ 9,752	\$ -	\$ 9,752	No Adjustment
408.12	Payroll Tax	\$ 12,643	\$ -	\$ 12,643	No Adjustment
408.13	Other	\$ 500	\$ (500)	\$ -	Company Requested Removal - Incorrect Item
409.1	Federal Income Tax	\$ 1,368	\$ 2,979	\$ 4,347	Updated Current Annual Amount
409.11	Oregon Income Tax	\$ 2,905	\$ (857)	\$ 2,048	Updated Current Annual Amount
409.13	Extraordinary Items Income Tax	\$ -	\$ -	\$ -	No Adjustment
	TOTAL REVENUE DEDUCTIONS	\$ 302,239	\$ (2,187)	\$ 300,052	Calculation
	NET OPERATING INCOME	\$ 37,068	\$ (12,433)	\$ 24,635	Calculation

UTILITY RATE BASE					
Acct No.		Company Proposed	PUC Adjustments	PUC Proposed Results	Reason for Adjustment
101	Utility Plant in Service	\$ 873,436	\$ 11,450	\$ 884,886	Updated Current Annual Amount
272	Amortization of CIAC	\$ -	\$ -	\$ -	No Adjustment
	Less:				
108.1	Depreciation Reserve	\$ 583,061	\$ (826)	\$ 582,235	Updated Current Annual Amount
271	Contributions in Aid of Const	\$ -	\$ -	\$ -	No Adjustment
281	Accumulated Deferred Income Tax	\$ -	\$ -	\$ -	No Adjustment
	Net Utility Plant	\$ 290,375	\$ 12,276	\$ 302,651	Calculation
	Plus: (working capital)				
151	Materials and Supplies Inventory	\$ -	\$ -	\$ -	No Adjustment
WrkCash	Working Cash (Total Op Exp /12)	\$ 21,893	\$ (440)	\$ 21,454	Updated Current Annual Amount
	TOTAL RATE BASE	\$ 312,268	\$ 11,836	\$ 324,105	Calculation

Cost of Capital

Utility Proposed Rate of Return	11.87%
Test Year Rate of Return	-12.27%
Staff Proposed Rate of Return	7.60%

Cost of Debt

Debt	Original Balance	Outstanding Balance	Capital Structure	Cost	Weighted Cost
SBA	\$190,342	\$167,280	18.96%	4.00%	0.76%
J. Bowman adjusted from filing by co	\$270,647	\$270,647	30.67%	6.50%	1.99%
M. Bowman	\$30,465	\$30,465	3.45%	4.55%	0.16%
	\$0	\$0	0.00%	0.00%	0.00%
	\$0	\$0	0.00%	0.00%	0.00%
	\$0	\$0	0.00%	0.00%	0.00%
			0.00%		
TOTAL DEBT	\$491,454	\$468,392			2.91%

Equity

Equity		Balance	Capital Structure	Cost	Weighted Cost
Per Company		\$414,068	46.92%	10.00%	4.69%
		\$0	0.00%	0.00%	0.00%
			0.00%		
			0.00%		
TOTAL EQUITY	\$0	\$414,068	100.00%		4.69%
TOTAL DEBT + EQUITY		\$882,460			7.60%

NONMETERED INFO		0.002280733
		\$324,688
Flat Rate % of rev = yrly rev		\$740.53
Monthly charge	32.47	
0.002281 actual %		
0.0024	\$324,688	\$779.25
Annual Revenue from Non Metered		

Staff/101
Hari/7

Combined Rate Design

Proposed Combined Revenues: \$324,748
 less flat rate rev \$779
 \$323,969

Variable Rate: 25.00%
 Base Rate: 75%

Variable Revenues: \$80,992
 Combined Base Revenues: \$242,977
 \$323,969
 Flat Rate Revenues: \$779
 \$324,748

BASE RATE							
Size of Line	# of Customers	Current Monthly Base Rate	Revenue at Current Rates	Factors Used	AWWA Factors	Staff Proposed Monthly Base Rate	Staff Proposed Total Annual Revenues
3/4" Residential	497	\$18.11	\$108,008	1.22	1	\$20.36	\$121,454
Condos	316	\$12.07	\$45,769	1.22	1	\$20.36	\$77,222
Villa	11	\$12.07	\$1,593	1.22	1	\$20.36	\$2,688
3/4 Commercial	22	\$30.18	\$7,968	1.22	1	\$20.36	\$5,376
1"	19		\$0	2.1	2.5	\$35.05	\$7,992
1.5"	18		\$0	4.5	5	\$75.12	\$16,225
2"	2		\$0	30	8	\$500.77	\$12,018
TOTAL	885		\$163,338				\$242,977
Non Metered	2	22.98	\$552			\$32.47	\$779

COMMODITY RATE

Proposed consumption:	7,957,605
Divided by unit of measure:	100 cf
Equals total consumption:	79,576
Proposed Variable Revenue:	\$80,977
Divided by consumption:	\$79,576
Equals commodity rate:	\$1.02 per 100 cf

Salmon Valley Water Company, Inc.
UW 158
Test Year: 2012

Residential Rate Impact

Residential 3/4"				
Monthly Consumption Customer Usage	Staff Proposed Customer Base Rate	Proposed Commodity Rate per 100 cf	Usage Factor	Total Proposed Monthly Bill
0	\$20.36	\$1.02	0	\$20.36
1000	\$20.36	\$1.02	10	\$30.54
2000	\$20.36	\$1.02	20	\$40.72
3000	\$20.36	\$1.02	30	\$50.90
4000	\$20.36	\$1.02	40	\$61.08
5000	\$20.36	\$1.02	50	\$71.25
6000	\$20.36	\$1.02	60	\$81.43
8000	\$20.36	\$1.02	80	\$101.79
10000	\$20.36	\$1.02	100	\$122.14

Condos				
Monthly Consumption Customer Usage	Staff Proposed Customer Base Rate	Proposed Commodity Rate per 100 cf	Usage Factor	Total Proposed Monthly Bill
0	\$20.36	\$1.02	0	\$20.36
1000	\$20.36	\$1.02	10	\$30.54
2000	\$20.36	\$1.02	20	\$40.72
3000	\$20.36	\$1.02	30	\$50.90
4000	\$20.36	\$1.02	40	\$61.08
5000	\$20.36	\$1.02	50	\$71.25
6000	\$20.36	\$1.02	60	\$81.43
8000	\$20.36	\$1.02	80	\$101.79
10000	\$20.36	\$1.02	100	\$122.14

Villas				
Monthly Consumption Customer Usage	Staff Proposed Customer Base Rate	Proposed Commodity Rate per 100 cf	Usage Factor	Total Proposed Monthly Bill
0	\$20.36	\$1.02	0	\$20.36
1000	\$20.36	\$1.02	10	\$30.54
2000	\$20.36	\$1.02	20	\$40.72
3000	\$20.36	\$1.02	30	\$50.90
4000	\$20.36	\$1.02	40	\$61.08
5000	\$20.36	\$1.02	50	\$71.25
6000	\$20.36	\$1.02	60	\$81.43
8000	\$20.36	\$1.02	80	\$101.79
10000	\$20.36	\$1.02	100	\$122.14

Salmon Valley Water Company, Inc.
UW 158
Test Year 2012

Commercial

3/4" Comm				
Monthly Consumption Customer Usage	Staff Proposed Customer Base Rate	Proposed Commodity Rate per 100 cf	Usage Factor	Total Proposed Monthly Bill
0	\$20.36	\$1.02	0	\$20.36
1000	\$20.36	\$1.02	10	\$30.54
2000	\$20.36	\$1.02	20	\$40.72
3000	\$20.36	\$1.02	30	\$50.90
4000	\$20.36	\$1.02	40	\$61.08
5000	\$20.36	\$1.02	50	\$71.25
6000	\$20.36	\$1.02	60	\$81.43
8000	\$20.36	\$1.02	80	\$101.79
10000	\$20.36	\$1.02	100	\$122.14

1" Comm				
Monthly Consumption Customer Usage	Staff Proposed Customer Base Rate	Proposed Commodity Rate per 100 cf	Usage Factor	Total Proposed Monthly Bill
0	\$35.05	\$1.02	0	\$35.05
1000	\$35.05	\$1.02	10	\$45.23
2000	\$28.17	\$1.02	20	\$48.53
3000	\$35.05	\$1.02	30	\$65.59
4000	\$28.17	\$1.02	40	\$68.88
5000	\$35.05	\$1.02	50	\$85.94
6000	\$28.17	\$1.02	60	\$89.24
8000	\$35.05	\$1.02	80	\$116.48
10000	\$28.17	\$1.02	100	\$129.95

1.5" Comm				
Monthly Consumption Customer Usage	Staff Proposed Customer Base Rate	Proposed Commodity Rate per 100 cf	Usage Factor	Total Proposed Monthly Bill
0	\$75.12	\$1.02	0	\$75.12
1000	\$75.12	\$1.02	10	\$85.29
2000	\$75.12	\$1.02	20	\$95.47
3000	\$75.12	\$1.02	30	\$105.65
4000	\$75.12	\$1.02	40	\$115.83
5000	\$75.12	\$1.02	50	\$126.01
6000	\$75.12	\$1.02	60	\$136.18
8000	\$60.37	\$1.02	80	\$141.79
10000	\$75.12	\$1.02	100	\$176.89

2" Comm				
Monthly Consumption Customer Usage	Staff Proposed Customer Base Rate	Proposed Commodity Rate per 100 cf	Usage Factor	Total Proposed Monthly Bill
0	\$500.77	\$1.02	0	\$500.77
1000	\$500.77	\$1.02	10	\$510.95
2000	\$500.77	\$1.02	20	\$521.12
3000	\$500.77	\$1.02	30	\$531.30
4000	\$500.77	\$1.02	40	\$541.48
5000	\$500.77	\$1.02	50	\$551.66
6000	\$500.77	\$1.02	60	\$561.84
8000	\$500.77	\$1.02	80	\$582.19
10000	\$500.77	\$1.02	100	\$602.55

Resort 2"				
Monthly Consumption Customer Usage	Staff Proposed Customer Base Rate	Proposed Commodity Rate per 100 cf	Usage Factor	Total Proposed Monthly Bill
0	\$500.77	\$1.02	0	\$500.77
1000	\$500.77	\$1.02	10	\$510.95
2000	\$500.77	\$1.02	20	\$521.12
3000	\$500.77	\$1.02	30	\$531.30
4000	\$500.77	\$1.02	40	\$541.48
5000	\$500.77	\$1.02	50	\$551.66
6000	\$500.77	\$1.02	60	\$561.84
8000	\$500.77	\$1.02	80	\$582.19
10000	\$500.77	\$1.02	100	\$602.55

CASE: UW 158
WITNESS: CELESTE HARI

**PUBLIC UTILITY COMMISSION
OF
OREGON**

STAFF EXHIBIT 102

Witness Qualifications Statement

May 20, 2014

WITNESS QUALIFICATION STATEMENT

NAME: Celeste Hari

EMPLOYER: Public Utility Commission of Oregon

TITLE: Utility Analyst, Telecommunications and Water Regulation Division.

ADDRESS: 3930 Fairview Industrial Drive SE, Salem, OR 97302
PO Box 1088, Salem, OR 97308-1088.

EDUCATION: Bachelor of Science, Business Management, Linfield College.
Associate of Science, Business Management, Chemeketa Community College.

EXPERIENCE: Employed with the Oregon Public Utility Commission since 1986. I am currently a Utility Analyst for the Telecommunications and Water Regulation Section.

Performed many functions within my career at PUC, including providing testimony in over 60 telecommunications dockets, analyzing tariffs, compiling reports, and processing applications for certificates of authority and ETC designations.