



Oregon

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Public Utility Commission

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March 5, 2015

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OREGON PUBLIC UTILITY COMMISSION
ATTENTION: FILING CENTER
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SALEM OR 97308-1088

**RE: Docket No. UW 161 –In the Matter of
WILLAMETTE WATER COMPANY, INC. Request for a General Rate
Revision.**

Enclosed for electronic filing in the above-captioned docket is the Public Utility Commission Staff's Direct 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 161 Service List (parties)

**PUBLIC UTILITY COMMISSION
OF OREGON**

UW 161

**STAFF TESTIMONY
OF**

GREG MILLER

**In the Matter of
WILLAMETTE WATER COMPANY, INC.
Request for a General Rate Revision.**

March 5, 2015

CASE: UW 161
WITNESS: GREG MILLER

**PUBLIC UTILITY COMMISSION
OF
OREGON**

STAFF EXHIBIT 100

**Direct Testimony
In Support of
The Stipulation**

March 5, 2015

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

3 A. My name is Greg Miller. 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 EDUCATIONAL BACKGROUND AND WORK**
8 **EXPERIENCE.**

9 A. Please see my Witness Qualification Statement attached as Exhibit Staff/102,
10 Miller/1.

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

12 A. The purpose of my testimony is to describe and support the stipulation agreed
13 to by the Parties in Docket UW 161 (the Stipulation).

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

15 A. The Parties are Willamette Water Company, Inc. (Willamette or Company),
16 appearing by and through its Secretary and Director of Operations, Jeff
17 Demers; and Staff, appearing by and through its attorney Jason Jones;
18 collectively referred to as the "Parties."

19 **Q. DID YOU PREPARE ANY EXHIBITS FOR THIS DOCKET?**

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

21	Revenue Requirement	Staff/101, Miller/1
22	Staff Adjustment Summary	Staff/101, Miller/2
23	Cost of Capital	Staff/101, Miller/3
24	Plant and Depreciation	Staff/101, Miller/4-6
25	Stipulated Rates	Staff/101, Miller/7-11
26	Stipulated Rate Impact	Staff/101, Miller/12-18
27	Witness Qualification Statement	Staff/102, Miller/1

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

2 A. My testimony is organized as follows:

3 Issue 1, Staff’s Summary Recommendation 2
 4 Issue 2, Willamette’s Description and Regulatory History 2
 5 Issue 3, Willamette’s Application for a General Rate Increase..... 4
 6 Issue 4, Staff’s Analysis of Willamette’s Application & Staff Adjustments 7
 7 Issue 5, Automatic Adjustment Clause for Purchased Water 10
 8 Issue 6, Rates, Rate Spread, and Rate Design..... 13
 9 Issue 7, The Stipulation..... 15

10
11 **ISSUE 1, STAFF’S SUMMARY RECOMMENDATION**

12 **Q. BRIEFLY SUMMARIZE YOUR RECOMMENDATION.**

13 A. I recommend that the Commission adopt the Stipulation agreed to by the
 14 Parties in Docket UW 161. The Parties stipulated to a revenue requirement of
 15 \$270,564. The stipulated revenue requirement results in a 15.7 percent
 16 increase, or \$36,683 above 2013 test year revenues, with a nine percent rate of
 17 return on a rate base of \$89,947. The table below shows test year revenue as
 18 filed in Willamette’s application, the Company’s proposed revenue, and the
 19 stipulated revenue.

20 **Table 1 – Revenue Requirement Details**

	Willamette Test Year As Filed	Willamette Proposed	Stipulated Amounts
Revenues	\$233,881	\$272,307	\$270,564

21
22 **ISSUE 2, WILLAMETTE’S DESCRIPTION AND REGULATORY HISTORY**

23 **Q. PLEASE DESCRIBE WILLAMETTE.**

24 A. Willamette is a small investor-owned water company located in Goshen,
 25 Oregon, near Eugene. The Company currently provides water service to

1 approximately 50 commercial customers, nine industrial customers, nine private
2 fire protection customers, one public fire protection customer, and about 97
3 residential customers. According to Willamette, the utility was legally organized
4 in 1964, originally constructed in 1972, and began providing service in 1972.

5 The utility was purchased by the current owners in 2006.

6 **Q. PLEASE DESCRIBE WILLAMETTE'S REGULATORY HISTORY.**

7 A. Willamette became rate regulated by customer petition and filed its first rate
8 case, UW 81, in 2001. After the Company was purchased in August 2006, a
9 subsequent rate case, docketed as UW 125, was filed by the new owners in
10 2007. The Commission's final order in UW 125, Order No. 08-256, issued
11 May 15, 2008, approved an annual revenue requirement of \$209,047 resulting
12 in a 17.7 percent overall increase.

13 **Q. DOES THE COMPANY HAVE ANY AFFILIATED INTEREST AGREEMENTS?**

14 A. Yes. On October 11, 2007, the Commission issued Order No. 07-436 in UI 272
15 approving an Affiliated Interest Agreement between Willamette Water Company
16 and Frontier Resources LLC (Frontier). Greg Demers, President of Willamette,
17 is a principal shareholder of both Willamette and Frontier. Frontier provides
18 various services to Willamette including financial management; management,
19 administration, operations; and facilities (office space with utilities included,
20 equipment, transportation to conduct business, and cell phone usage). The
21 costs of the agreement were reviewed and approved by the Commission on
22 October 11, 2007 in Order No. 07-436. In its current rate case, UW 161,
23 Willamette did not propose any increases or changes to the Affiliated Interest
24 Agreement.

ISSUE 3, WILLAMETTE'S APPLICATION FOR A GENERAL RATE**INCREASE****Q. PLEASE DESCRIBE WILLAMETTE'S CURRENT APPLICATION FOR A GENERAL RATE INCREASE, DOCKET UW 161.**

A. Willamette filed an application for a general rate increase on August 8, 2014, using a 2013 historical test-year period. The Company proposed an overall increase of 16.4 percent or a \$38,426 increase over test period revenues of \$233,881, resulting in a proposed annual revenue requirement of \$272,307. The Company proposed a total rate base of \$89,589 with a 10 percent rate of return.

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

A. Willamette stated in its application that it is seeking the change in rates due to increased operating costs particularly for purchased water expense. The Company also stated that it would like to include new utility plant put into service since the last rate case.

Q. PLEASE DESCRIBE WILLAMETTE'S CURRENT AND PROPOSED RATES?

A. Under tariffs approved in UW 125, Willamette charges different base rates according to meter size. Willamette's variable rate is \$3.378 per 100 cubic feet (cf) for all customer classes. Table 2 shows the Company's current base rates by meter size, the current variable rate, and Willamette's proposed base and variable rates as stated in the application.

1

Table 2 – Current and Proposed Rates

CUSTOMER CLASS	METER SIZE	CURRENT BASE RATES	CURRENT COMMODITY RATE Per 100 cf	PROPOSED BASE RATES	PROPOSED COMMODITY RATE Per 100 cf
RESIDENTIAL	5/8-3/4	\$28.64	\$3.378	\$34.45	\$3.04
RESIDENTIAL	1"	\$54.25	\$3.378	\$86.13	\$3.04
RESIDENTIAL	1 1/2"	\$82.48	\$3.378	\$131.95	\$3.04
RESIDENTIAL	DM1 ¹	28.64	\$3.378	\$34.45	\$3.04
COMMERCIAL	5/8-3/4	\$28.64	\$3.378	\$34.45	\$3.04
COMMERCIAL	1"	\$54.25	\$3.378	\$86.13	\$3.04
COMMERCIAL	1 1/2"	\$82.48	\$3.378	\$131.95	\$3.04
COMMERCIAL	2"	\$144.34	\$3.378	\$230.83	\$3.04
COMMERCIAL	DM1	\$28.64	\$3.378	\$34.45	\$3.04
COMMERCIAL	DM2	\$57.28	\$3.378	\$68.90	\$3.04
INDUSTRIAL	5/8-3/4	\$28.64	\$3.378	\$34.45	\$3.04
INDUSTRIAL	1"	\$54.25	\$3.378	\$86.13	\$3.04
INDUSTRIAL	1 1/2"	\$82.48	\$3.378	\$131.95	\$3.04
INDUSTRIAL	3"	\$312.00	\$3.378	\$516.79	\$3.04
INDUSTRIAL	6"	\$687.31	\$3.378	\$1099.73	\$3.04
FIRE PROTECTION – PRIVATE	4"	\$20.30	\$3.378	\$30.45	\$3.04
FIRE PROTECTION - PRIVATE	6"	\$43.56	\$3.378	\$60.90	\$3.04
FIRE PROTECTION - PUBLIC	N/A	N/A	\$3.378	N/A	\$3.04

2

Q. DID ANY CUSTOMERS VOICE CONCERNS REGARDING

3

WILLAMETTE'S PROPOSED RATE INCREASE?

4

A. Yes. A Willamette residential customer with a 1-inch meter providing service to

5

only two adults believed that his service should be reduced to a 5/8 x 3/4-inch

¹ The DM class designates two or more users served by a single meter.

1 meter. Staff reviewed the customer's annual consumption for 2013, which was
2 less than the average residential 5/8 x 3/4-inch customer. Willamette proposed
3 that 1-inch metered customers average bills would increase by 21 percent;
4 however, customers with 5/8 x 3/4-inch meters would only increase by five
5 percent.

6 It appears reasonable that this customer's water service needs can be met by
7 a 5/8 x 3/4-inch meter, thus reducing the customer's base rate. Willamette
8 reached out to the customer and agreed to change out the one-inch meter to a
9 5/8 x 3/4-inch meter at cost.

10 **Q. WHAT PROCEDURAL ACTIONS HAVE TAKEN PLACE IN THIS DOCKET**
11 **SINCE WILLAMETTE FILED ITS APPLICATION?**

12 A. Since Willamette filed its application on August 8, 2014, the following
13 procedural actions have taken place:

- 14 1. The proposed rates were suspended by the Commission for nine months in
15 Order No. 14-291 on August 18, 2014.
- 16 2. A Public Comment Meeting and Prehearing Conference were held on
17 October 16, 2014, in Eugene, Oregon. No customers attended.
- 18 3. A Settlement Conference was held at the Commission office in Salem,
19 Oregon, on December 18, 2014. No customers attended.
- 20 4. No petitions to intervene were filed in this docket.

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

22 A. The Parties reached a settlement of all issues in the case. The Stipulation is
23 discussed in Issue 7, The Stipulation, of this testimony.

1 **ISSUE 4, STAFF'S ANALYSIS OF WILLAMETTE'S APPLICATION**
2 **AND STAFF ADJUSTMENTS**
3

4 **Q. WHAT IS YOUR ANALYSIS OF WILLAMETTE'S APPLICATION?**

5 A. My analysis of Willamette's application indicates that Willamette should be
6 granted a revenue requirement of \$270,564. This results in a 15.7 percent or
7 \$36,683 increase over test year revenues, with a nine percent rate of return on
8 a rate base of \$89,947.

9 **Q. WHAT IS DRIVING THE RATE INCREASE IN THIS CASE?**

10 A. Purchased water expense is the primary driver of the increase in Willamette's
11 revenue requirement, which results in higher proposed rates.

12 **Q. PLEASE DESCRIBE YOUR MAJOR ADJUSTMENTS TO WILLAMETTE'S**
13 **PROPOSED EXPENSES.**

14 A. My adjustments to Willamette's proposed expenses are reflected in Staff/101,
15 Miller/2, Staff's Adjustment Summary. To determine annual expenses, I
16 reviewed actual documentation, such as invoices, receipts, checks, and ledger
17 entries. I removed non-utility items, normalized and amortized expenses, moved
18 expenses to correct accounts, capitalized costs where necessary, and made
19 other appropriate adjustments. Table 3 below shows Willamette's major test
20 year expenses, Willamette's proposed annual expenses, Staff's adjustments to
21 Willamette's proposed annual expenses, and Staff's proposed annual expenses.

Table 3 – Major Expense Adjustment Summary

Account	Willamette Test Year	Willamette Proposed	Staff Adjustments	Staff Proposed
Purchased Water	\$107,671	\$118,378	\$7,695	\$126,073
Contract Services - Legal	\$3,873	\$7,162	(\$777)	\$6,385
Contract Services - Labor	\$18,275	\$19,662	(\$978)	\$18,684
Amortization of Rate Case	\$5,174	\$5,174	(\$3,676)	\$1,498

1. Purchased Water: The Company proposed an annual expense of \$118,378 for purchased water. I made an upward adjustment of \$7,695 to reflect Eugene Water and Electric Board's (EWEB) most recent price increase of 6.5 percent, effective February 1, 2015. This results in an annual Purchased Water Expense of \$126,073. Including EWEB's most recent price increase in Staff's proposed annual Purchased Water Expense means that it will not be reflected in the next Automatic Adjustment Clause (AAC), which is discussed later in my testimony.
2. Contract Services-Legal: The Company proposed an annual expense of \$7,162. Since Willamette's legal costs vary from year to year, Staff averaged all legal expenses relating to the Company's regulated water operations over a three-year period. Staff made a downward adjustment to Contract Services-Legal of (\$777). This resulted in an annual Contract Services-Legal Expense of \$6,385.
4. Contract Services-Labor: The Company proposed an annual expense of \$19,662. Shortly after the rate case was filed, Willamette started contract negotiations with their current water operator. Prior to the settlement

1 conference in UW 161, Willamette entered into a new contract that lowers
2 the overall labor costs. Staff supports the new annual labor contract cost of
3 \$18,684. Therefore, Staff made a downward adjustment to Contract
4 Services-Labor Expense of (\$978).

- 5 5. Amortization of Rate Case: The Company proposed an annual expense of
6 \$5,174. Since only a single year of the previously-approved seven-year
7 amortization period remains, Staff made a downward adjustment of \$3,676
8 to reflect the remaining one year of amortization spread over a period of
9 three years. This results in an annual Amortization Expense of \$1,498.

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

- 12 A. Yes. The Company proposed plant of \$159,523 and a Depreciation Expense of
13 \$3,315. I added \$3,629 to plant by capitalizing costs related to hydrant parts
14 and labor that were originally placed in Repairs to Water Plant Expense
15 account in 2012. This resulted in an upward adjustment to plant of \$3,629
16 resulting in total plant of \$163,152. I also updated the depreciation schedule to
17 its current level and calculated accumulated depreciation of \$94,453, resulting
18 in a net plant of \$68,699. Willamette's plant and depreciation schedule is
19 included as Staff/101, Miller/4-6.

1 **Q. WHAT RATE OF RETURN DO YOU PROPOSE IN THIS DOCKET?**

2 A. I propose a nine percent rate of return in UW 161. That rate of return is
3 calculated based on Willamette's weighted cost of debt and equity as shown in
4 Exhibit Staff/101, Miller/21.

5 **ISSUE 5, AUTOMATIC ADJUSTMENT CLAUSE FOR PURCHASED WATER**

6 **Q. WHAT ROLE DOES EWEB PLAY IN DETERMINING PURCHASED WATER**
7 **COSTS?**

8 A. Willamette currently purchases all of its water supply from EWEB. The
9 Purchased Water Expense is affected each time EWEB increases its rates.
10 EWEB has increased water rates anywhere from 5 to 20 percent annually over
11 the previous nine years. According to Willamette's Water Service Agreement
12 with EWEB, rates and charges are to be amended annually in accordance with
13 EWEB's Cost of Service Analysis (COSA).

14 EWEB's primary cost drivers are labor and non-labor CPI increases,
15 operations and maintenance, and additional pumping and elevation costs
16 associated with serving Willamette. After instituting a 6.5 percent increase for
17 2015, as discussed earlier in my testimony and reflected in my adjustments,
18 EWEB is also considering an annual 4.92 percent increase through 2018, with
19 annual increases of 3.9 percent thereafter.

20 **Q. HOW DO YOU PROPOSE TO HANDLE EWEB'S PROPOSED ANNUAL**
21 **RATE INCREASES?**

22 A. I propose Willamette's automatic adjustment clause tariff continue allowing the
23 Company to increase rates in accordance with EWEB's rate increases. The

1 tariff was originally established with the Company's Advice No. 08-29 in 2008
2 and allows purchased water cost adjustments to be effective annually upon the
3 date that EWEB implements rate changes. These adjustments are filed with
4 and subject to annual approval by the Commission.

5 **Q. DOES STAFF BELIEVE THAT CONTINUATION OF THE AUTOMATIC**
6 **ADJUSTMENT CLAUSE IS NECESSARY FOR THE FINANCIAL**
7 **INTEGRITY OF THE COMPANY?**

8 A. Yes. Staff believes that the automatic adjustment clause is necessary to
9 enable the Company to smoothly transition in accordance with EWEB's price
10 increases. EWEB is proposing to increase its rates annually for at least the
11 next three years as the cost of providing water continues to increase.

12 As previously stated, these adjustments require Commission approval and
13 have historically appeared to work effectively. As long as Willamette continues
14 to purchase its water supply from EWEB, the automatic adjustment clause is
15 necessary. I do not foresee any future issues in allowing the automatic
16 adjustment clause to continue.

17 **Q. CONSIDERING THE HIGH COST FOR PURCHASED WATER**
18 **WILLAMETTE PAYS TO EWEB, HAS THE COMPANY INVESTIGATED**
19 **OTHER SOURCES OF WATER?**

20 A. Yes. According to Willamette, it has expended considerable resources and
21 time assessing how it can effectively utilize its current water permit.² The
22 permit allows Willamette to take water from the McKenzie River. However,

² Willamette's Water Permit, S-50877, was issued by the Oregon Water Resources Department on February 9, 1990. The permit is issued for 4.0 cubic feet per second.

1 diverting, treating and distributing this water right to Willamette's current small
2 customer base is not economically viable. A groundwater option such as
3 drilling a well is not practical due to contaminants in the area.

4 On November 5, 2008, Willamette applied for a new 34 CFS expanded
5 water right (S-87330) on the McKenzie River. This could supply safe drinking
6 water to an expanded service area in the Goshen and Pleasant Hill regions as
7 well as serve the cities of Creswell and Cottage Grove. With a larger customer
8 base, it would be more economically feasible for Willamette to make the capital
9 investments needed to divert, treat and pipe this water to the Company's
10 service area. While Willamette would like to accommodate this demand in
11 these areas, its current 4 CFS water right does not allow the use of enough
12 water to serve the existing residents and businesses.

13 **Q. WHAT LEGAL ACTIONS HAVE TAKEN PLACE IN REGARDS TO THE**
14 **EXPANDED WATER RIGHT?**

15 A. On January 26, 2010, the Oregon Water Resources Department (OWRD)
16 issued a Proposed Final Order (PFO) approving Willamette's application. On
17 March 12, 2010, Water Watch of Oregon protested the PFO, and following a
18 contested-case hearing held in November 2011, the Oregon Administrative
19 Hearings (OAH) administrative law judge recommended that Willamette's
20 application be denied. OWRD issued a Final Order on May 29, 2014, denying
21 the application. Willamette filed a notice of appeal with the Oregon Court of
22 Appeals in October 2014, and the case is pending.

ISSUE 6, RATES, RATE SPREAD, AND RATE DESIGN**Q. WHAT RATES DO YOU PROPOSE IN UW 161?**

A. Table 4 below shows Willamette's proposed rates and Staff's proposed rates.

Table 4 – Willamette and Staff Proposed Rates

CUSTOMER CLASS	METER SIZE	WILLAMETTE'S PROPOSED BASE RATES	WILLAMETTE'S PROPOSED COMMODITY RATE Per 100 cf	STAFF'S PROPOSED BASE RATES	STAFF'S PROPOSED COMMODITY RATE Per 100 cf
RESIDENTIAL	5/8-3/4	\$34.45	\$3.04	\$41.03	\$2.86
RESIDENTIAL	1"	\$86.13	\$3.04	\$82.07	\$2.86
RESIDENTIAL	1 1/2"	\$131.95	\$3.04	\$143.62	\$2.86
RESIDENTIAL	DM1	\$34.45	\$3.04	\$41.03	\$2.86
COMMERCIAL	5/8-3/4	\$34.45	\$3.04	\$29.24	\$2.90
COMMERCIAL	1"	\$86.13	\$3.04	\$73.10	\$2.90
COMMERCIAL	1 1/2"	\$131.95	\$3.04	\$146.20	\$2.90
COMMERCIAL	2"	\$230.83	\$3.04	\$233.93	\$2.90
COMMERCIAL	DM1	\$34.45	\$3.04	\$29.24	\$2.90
COMMERCIAL	DM2	\$68.90	\$3.04	\$58.48	\$2.90
INDUSTRIAL	5/8-3/4	\$34.45	\$3.04	\$23.23	\$2.71
INDUSTRIAL	1"	\$86.13	\$3.04	\$58.07	\$2.71
INDUSTRIAL	1 1/2"	\$131.95	\$3.04	\$116.13	\$2.71
INDUSTRIAL	3"	\$516.79	\$3.04	\$348.40	\$2.71
INDUSTRIAL	6"	\$1099.73	\$3.04	\$1161.32	\$2.71
FIRE PROTECTION - PRIVATE	4"	\$30.45	\$3.04	\$30.39	\$2.90
FIRE PROTECTION - PRIVATE	6"	\$60.90	\$3.04	\$60.78	\$2.90
FIRE PROTECTION - PUBLIC	N/A	N/A	\$3.04	N/A	\$3.00

1 **Q. PLEASE DESCRIBE HOW YOU SPREAD THE PROPOSED REVENUE**
2 **REQUIREMENT TO THE CUSTOMER CLASSES?**

3 A. I proposed that \$89,041 of the revenue requirement be allocated to Residential,
4 \$72,810 to Commercial, \$104,286 to Industrial, \$4,012 to Private Fire
5 Protection, \$171 to Public Fire Protection, and \$244 to Temporary Hydrant
6 Rental users. The allocations are based on similar spreads used in the
7 previous rate case, UW125, as well as what Willamette proposed in its
8 application.

9 **Q. PLEASE DESCRIBE HOW YOU SPLIT THE REVENUE BETWEEN THE**
10 **BASE RATES AND THE COMMODITY RATES.**

11 A. The standard target split for water utilities for fixed and variable expenses is 60
12 percent and 40 percent, respectively. I used that 60/40 split in UW 161. It
13 closely mirrors the split used in Willamette's previous UW 125 rate case. The
14 proposed rates will provide Willamette with sufficient revenues in the winter
15 months to pay expenses.

16 **Q. DID STAFF USE THE AMERICAN WATER WORKS ASSOCIATION**
17 **(AWWA) STANDARD ALLOCATION FACTORS BASED ON METER SIZE**
18 **TO DETERMINE THE BASE RATE FOR THE RESIDENTIAL,**
19 **COMMERCIAL, AND INDUSTRIAL CUSTOMERS?**

20 A. Yes. The Stipulation in Willamette's previous rate case, UW 125,
21 recommended that in the next case, the customer classes' AWWA factors be
22 moved at least one third towards full AWWA-factor based rates.

23 I found that factors used in the last case were too heavily weighted on small
24 meter residential, commercial, and industrial customers. My proposed rate

1 design results in all classes being moved to full AWWA factors with the
2 exception of residential customers with 1 inch and 1.5 inch lines.

3 **Q. PLEASE EXPLAIN WHY CERTAIN RESIDENTIAL CUSTOMERS WERE**
4 **EXCLUDED FROM MOVING TOWARDS FULL AWWA FACTORS?**

5 A. I exempted the residential customers with 1-inch lines because of large
6 variations in usage. Approximately 45 percent of the 1-inch line residential
7 customers use three to five times more water than the remaining 55 percent
8 residential customers. If full AWWA factors were applied, under Staff's rate
9 design, the base rates for 1-inch residential customers would have increased
10 over 80 percent. I also exempted the one 1.5-inch residential customer
11 because the base rate would have gone up approximately 145 percent, leading
12 to severe rate shock. I moved both the 1-inch and 1.5-inch residential
13 customers closer to actual AWWA factors in this case. This process should be
14 continued in subsequent rate cases until standard AWWA factors can be
15 achieved.

16 **ISSUE 7, THE STIPULATION**

17 **Q. DID ALL PARTIES AGREE TO AND SUPPORT THE STIPULATION IN**
18 **RESOLUTION OF ALL ISSUES.**

19 A. Yes.

20 **Q. WHAT REVENUE REQUIREMENT DID ALL PARTIES AGREE TO AND**
21 **SUPPORT IN THE STIPULATION.**

22 A. The Parties agreed to and support a revenue requirement of \$270,564.

1 **Q. DID THE PARTIES AGREE TO AND SUPPORT THE RATES IN THE**
 2 **STIPULATION?**

3 A. Yes. The Parties agreed to and support the rates as shown in the Stipulation
 4 and in this testimony. The stipulated rates are shown below in Table 5 –
 5 Stipulated Rates:

6 **Table 5 – Stipulated Rates**

CUSTOMER CLASS	METER SIZE	STIPULATED BASE RATES	STIPULATED COMMODITY RATES
RESIDENTIAL	5/8-3/4"	\$41.03	\$2.86 per 100 cf
RESIDENTIAL	1"	\$82.07	\$2.86 per 100 cf
RESIDENTIAL	1 ½"	\$143.62	\$2.86 per 100 cf
RESIDENTIAL	DM1	\$41.03	\$2.86 per 100 cf
COMMERCIAL	5/8-3/4"	\$29.24	\$2.90 per 100 cf
COMMERCIAL	1"	\$73.10	\$2.90 per 100 cf
COMMERCIAL	1 ½"	\$146.20	\$2.90 per 100 cf
COMMERCIAL	2"	\$233.93	\$2.90 per 100 cf
COMMERCIAL	DM1	\$29.24	\$2.90 per 100 cf
COMMERCIAL	DM2	\$58.48	\$2.90 per 100 cf
INDUSTRIAL	5/8-3/4"	\$23.23	\$2.71 per 100 cf
INDUSTRIAL	1"	\$58.07	\$2.71 per 100 cf
INDUSTRIAL	1 ½"	\$116.13	\$2.71 per 100 cf
INDUSTRIAL	3"	\$348.40	\$2.71 per 100 cf
INDUSTRIAL	6"	\$1161.32	\$2.71 per 100 cf
FIRE PROTECTION – PRIVATE	4"	\$30.39	\$2.90 per 100 cf
FIRE PROTECTION - PRIVATE	6"	\$60.78	\$2.90 per 100 cf
FIRE PROTECTION - PUBLIC	N/A	N/A	\$3.00 per 100 cf

1 **Q. HOW DID THE PARTIES AGREE TO HANDLE EWEB'S PROPOSED**
2 **ANNUAL RATE INCREASES?**

3 A. The Parties agreed with Staff's recommendation that Willamette's Automatic
4 Adjustment Clause tariff continue in effect allowing the Company to increase
5 rates in accordance with EWEB's rate increases.

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 161
10 record and adopt the Stipulation in its entirety.

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

12 A. Yes.

CASE: UW 161
WITNESS: GREG MILLER

**PUBLIC UTILITY COMMISSION
OF
OREGON**

STAFF EXHIBIT 101

**Exhibits in Support
Of Direct Testimony**

March 5, 2015

Willamette Water Company
Docket # UW 161
Test Year: 2013

Company Proposed Increase: 16.4%

Staff Proposed Increase: 15.7%

Revenue Requirement

		A	B	C	D	E	F	G	H
		Company	Company	Company	Staff	Staff	Staff	Staff	Total
		Balance per Application	Proposed Company Adjustments	Proposed Company Totals A+B=C	Staff Adjustments	Adjusted Results C+D=E	Revenue-Sensitive Adjustments	Total PUC Adjustments D+F=G	PUC Proposed Results C+G=H
REVENUES									
460	Unmetered Water Sales	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
461.1	Residential Water Sales	\$ 76,983	\$ 12,713	\$ 89,696	\$ -	\$ 89,696	\$ (655)	\$ (655)	\$ 89,041
461.2	Commercial Water Sales	\$ 62,950	\$ 10,395	\$ 73,345	\$ -	\$ 73,345	\$ (535)	\$ (535)	\$ 72,810
461.3	Industrial Water Sales	\$ 90,164	\$ 14,889	\$ 105,053	\$ -	\$ 105,053	\$ (767)	\$ (767)	\$ 104,286
462.1	Public Fire Protection	\$ 69	\$ 103	\$ 172	\$ -	\$ 172	\$ (1)	\$ (1)	\$ 171
462.2	Private Fire Protection	\$ 2,580	\$ 1,461	\$ 4,041	\$ -	\$ 4,041	\$ (29)	\$ (29)	\$ 4,012
466	Irrigation -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
467	Sales for Resale	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
468	Special Contracts *	\$ 463	\$ (463)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
471	Miscellaneous Services *	\$ 672	\$ (672)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
472	Rent from Util. Property **	\$ -	\$ -	\$ -	\$ 244	\$ 244	\$ -	\$ 244	\$ 244
475	Cross Connection Control Revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	TOTAL REVENUE	\$ 233,881	\$ 38,426	\$ 272,307	\$ 244	\$ 272,551	\$ (1,987)	\$ (1,743)	\$ 270,564
OPERATING EXPENSES									
601	Salaries and Wages - Employees	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
603	Salaries and Wages - Officers	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
604	Employee Pension & Benefits	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
610	Purchased Water	\$ 107,671	\$ 10,707	\$ 118,378	\$ 7,695	\$ 126,073	\$ -	\$ 7,695	\$ 126,073
611	Telephone/Communications	\$ 1,801	\$ -	\$ 1,801	\$ (356)	\$ 1,445	\$ -	\$ (356)	\$ 1,445
615	Purchased Power	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
616	Fuel for Power Production	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
617	Other Utilities	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
618	Chemical / Treatment Expense	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
619	Office Supplies	\$ 230	\$ -	\$ 230	\$ (12)	\$ 218	\$ -	\$ (12)	\$ 218
619.1	Postage	\$ 803	\$ -	\$ 803	\$ (0)	\$ 803	\$ -	\$ (0)	\$ 803
620	O&M Materials/Supplies	\$ 59	\$ -	\$ 59	\$ 356	\$ 415	\$ -	\$ 356	\$ 415
621	Repairs to Water Plant	\$ 3,497	\$ 1,961	\$ 5,458	\$ (648)	\$ 4,810	\$ -	\$ (648)	\$ 4,810
631	Contract Svcs - Engineering	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
632	Contract Svcs - Accounting	\$ 656	\$ 1,094	\$ 1,750	\$ -	\$ 1,750	\$ -	\$ -	\$ 1,750
633	Contract Svcs - Legal	\$ 3,873	\$ 3,289	\$ 7,162	\$ (777)	\$ 6,385	\$ -	\$ (777)	\$ 6,385
634	Contract Svcs - Management Fees	\$ 86,313	\$ -	\$ 86,313	\$ -	\$ 86,313	\$ -	\$ -	\$ 86,313
635	Contract Svcs - Testing	\$ 725	\$ 105	\$ 830	\$ (76)	\$ 754	\$ -	\$ (76)	\$ 754
636	Contract Svcs - Labor	\$ 18,275	\$ 1,387	\$ 19,662	\$ (978)	\$ 18,684	\$ -	\$ (978)	\$ 18,684
637	Contract Svcs - Billing/Collection	\$ 149	\$ -	\$ 149	\$ 0	\$ 149	\$ -	\$ 0	\$ 149
638	Contract Svcs - Meter Reading	\$ 780	\$ -	\$ 780	\$ -	\$ 780	\$ -	\$ -	\$ 780
639	Contract Svcs - Other	\$ 65	\$ -	\$ 65	\$ (65)	\$ -	\$ -	\$ (65)	\$ -
641	Rental of Building/Real Property	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
642	Rental of Equipment	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
643	Small Tools	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
648	Computer/Electronic Expenses	\$ 835	\$ -	\$ 835	\$ -	\$ 835	\$ -	\$ -	\$ 835
650	Transportation	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
656	Vehicle Insurance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
657	General Liability Insurance	\$ 2,025	\$ -	\$ 2,025	\$ -	\$ 2,025	\$ -	\$ -	\$ 2,025
658	Workers' Comp Insurance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
659	Insurance - Other	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
666	Amortz. of Rate Case	\$ 5,174	\$ -	\$ 5,174	\$ (3,676)	\$ 1,498	\$ -	\$ (3,676)	\$ 1,498
	Gross Revenue Fee (PUC)	\$ 563	\$ 21	\$ 584	\$ -	\$ -	\$ 92	\$ 92	\$ 676
670	Bad Debt Expense	\$ -	\$ 80	\$ 80	\$ 107	\$ 187	\$ -	\$ 107	\$ 187
671	Cross Connection Control Program	\$ -	\$ 75	\$ 75	\$ -	\$ 75	\$ -	\$ -	\$ 75
673	Training and Certification	\$ -	\$ 160	\$ 160	\$ -	\$ 160	\$ -	\$ -	\$ 160
674	Consumer Confidence Report	\$ 150	\$ 100	\$ 250	\$ 25	\$ 275	\$ -	\$ 25	\$ 275
	Miscellaneous Expense	\$ 664	\$ -	\$ 664	\$ (0)	\$ 664	\$ -	\$ (0)	\$ 664
OE1	Other Expense 1	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
OE2	Other Expense 2	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
OE3	Other Expense 3	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
OE4	Other Expense 4	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
OE5	Other Expense 5	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	TOTAL OPERATING EXPENSE	\$ 234,308	\$ 18,979	\$ 253,287	\$ 1,597	\$ 254,300	\$ 92	\$ 1,689	\$ 254,976
OTHER REVENUE DEDUCTIONS									
	Depreciation Expense	\$ 3,028	\$ 287	\$ 3,315	\$ 87	\$ 3,402	\$ -	\$ 87	\$ 3,402
406	Amort of Plant Acquisition Adjustment	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
407	Amortization Expense	\$ 22,611	\$ (22,611)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
408.11	Property Tax	\$ 2,005	\$ -	\$ 2,005	\$ (16)	\$ 1,989	\$ -	\$ (16)	\$ 1,989
408.12	Payroll Tax	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
408.13	Other	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
409.1	Federal Income Tax	\$ (7,152)	\$ 10,636	\$ 3,484	\$ -	\$ -	\$ (2,055)	\$ (2,055)	\$ 1,429
409.11	Oregon Income Tax	\$ (2,526)	\$ 3,757	\$ 1,231	\$ -	\$ -	\$ (558)	\$ (558)	\$ 673
409.13	Extraordinary Items Income Tax	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	TOTAL REVENUE DEDUCTIONS	\$ 252,273	\$ 11,048	\$ 263,321	\$ 1,668	\$ 259,691	\$ (2,520)	\$ (852)	\$ 262,469
	NET OPERATING INCOME	\$ (18,392)	\$ 27,378	\$ 8,986	\$ (1,424)	\$ 12,860	\$ 533	\$ (891)	\$ 8,095
UTILITY RATE BASE									
	Utility Plant Invested by Company	\$ 613,813	\$ (454,290)	\$ 159,523	\$ 457,919	\$ 617,442	\$ -	\$ 457,919	\$ 617,442
271	+ Contributions in Aid of Construction	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	- Excess Capacity	\$ -	\$ -	\$ -	\$ 454,290	\$ 454,290	\$ -	\$ 454,290	\$ 454,290
	Equals: Total Utility Plant	\$ 613,813	\$ (454,290)	\$ 159,523	\$ 3,629	\$ 163,152	\$ -	\$ 3,629	\$ 163,152
	- Accum. Depreciation--Invested Plant	\$ 91,042	\$ -	\$ 91,042	\$ 3,411	\$ 94,453	\$ -	\$ 3,411	\$ 94,453
	- Accum. Depreciation--CIAC	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
271	- Contributions in Aid of Construction	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
281	- Accumulated Deferred Income Tax	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
272	+ Accum. Amortization of CIAC	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	Equals: Net Invested Utility Plant	\$ 522,771	\$ (454,290)	\$ 68,481	\$ 218	\$ 68,699	\$ -	\$ 218	\$ 68,699
	Plus: (working capital)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
151	Materials and Supplies Inventory	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
WrkCash	Working Cash (Total Op Exp /12)	\$ 19,526	\$ 1,582	\$ 21,108	\$ 140	\$ 21,248	\$ -	\$ 140	\$ 21,248
	TOTAL RATE BASE	\$ 542,297	\$ (452,708)	\$ 89,589	\$ 358	\$ 89,947	\$ -	\$ 358	\$ 89,947
	Rate of Return	-3.39%		10.03%		14.30%			9.00%

* Account 468 & 471 - Special Contracts/Misc Services Revenue: Company inadvertently transposed these two numbers/Staff corrected

** Account 472 - Rent from Util Property: Staff average 5 years of Hydrant Rent \$244

Adjustment Summary

Acct No.	REVENUES	Company Proposed	Total PUC Adjustments	PUC Proposed Results	Reason for Adjustment
461.1	Unmetered Water Sales	\$ -	\$ -	\$ -	No Adjustment
461.2	Residential Water Sales	\$ 89,696	\$ (655)	\$ 89,041	
462.1	Commercial Water Sales	\$ 73,345	\$ (535)	\$ 72,810	
464	Public Fire Protection	\$ 105,053	\$ (767)	\$ 104,286	
465	Water Sales to Public Authorities	\$ 172	\$ (1)	\$ 171	
466	Irrigation -	\$ 4,041	\$ (29)	\$ 4,012	
467	Sales for Resale	\$ -	\$ -	\$ -	No Adjustment
468	Golf Course	\$ -	\$ -	\$ -	No Adjustment
471	Special Contracts	\$ -	\$ -	\$ -	No Adjustment
472	Rent from Util. Property Revenue	\$ -	\$ -	\$ -	No Adjustment
475	Cross Connection Control Revenue	\$ -	\$ 244	\$ 244	5 year average for hydrant rent
471	Misc. Revenues	\$ -	\$ -	\$ -	No Adjustment
	Other - Specify	\$ -	\$ -	\$ -	No Adjustment
	TOTAL REVENUE	\$ 272,307	\$ (1,743)	\$ 270,564	Overall Test Yr Revenues consistent with the filed 2013 - 1120S Corp Tax Return
OPERATING EXPENSES					
601	Salaries and Wages - Employees	\$ -	\$ -	\$ -	No Adjustment
603	Salaries and Wages - Officers	\$ -	\$ -	\$ -	No Adjustment
604	Employee Pension & Benefits	\$ -	\$ -	\$ -	No Adjustment
610	Purchased Water	\$ 118,378	\$ 7,695	\$ 126,073	Current Base Rate + Commod. Rate. 6.5% increase for 2015 included per EWEB
611	Telephone/Communications	\$ 1,801	\$ (356)	\$ 1,445	Moved Locates to O&M
615	Purchased Power	\$ -	\$ -	\$ -	No Adjustment
616	Fuel for Power Production	\$ -	\$ -	\$ -	No Adjustment
617	Other Utilities	\$ -	\$ -	\$ -	No Adjustment
618	Chemical / Treatment Expense	\$ -	\$ -	\$ -	No Adjustment
619	Office Supplies	\$ 230	\$ (12)	\$ 218	Actual Invoices
619.1	Postage	\$ 803	\$ (0)	\$ 803	Actual Invoices
620	O&M Materials/Supplies	\$ 59	\$ 356	\$ 415	Locates included
621	Repairs to Water Plant	\$ 5,458	\$ (648)	\$ 4,810	Actual Invoice + Leak Detection Audit / 2012 Fire Hydrant replacement moved to Plant
631	Contract Svcs - Engineering	\$ -	\$ -	\$ -	No Adjustment
632	Contract Svcs - Accounting	\$ 1,750	\$ -	\$ 1,750	Actual Invoice/Preparation of 2013 Tax Return
633	Contract Svcs - Legal	\$ 7,162	\$ (777)	\$ 6,385	EWEB related legal only - Average 2012/2013/2014 at new legal hourly rate
634	Contract Svcs - Management Fees	\$ 86,313	\$ -	\$ 86,313	No Adjustment/PUC Approved/Reviewed
635	Contract Svcs - Testing	\$ 830	\$ (76)	\$ 754	3 year average
636	Contract Svcs - Labor	\$ 19,662	\$ (978)	\$ 18,684	Current Charges - per contract
637	Contract Svcs - Billing/Collection	\$ 149	\$ 0	\$ 149	No Adjustment
638	Contract Svcs - Meter Reading	\$ 780	\$ -	\$ 780	No Adjustment
639	Contract Svcs - Other	\$ 65	\$ (65)	\$ -	Moved to Repairs to Water Plant
641	Rental of Building/Real Property	\$ -	\$ -	\$ -	No Adjustment
642	Rental of Equipment	\$ -	\$ -	\$ -	No Adjustment
643	Small Tools	\$ -	\$ -	\$ -	No Adjustment
648	Computer/Electronic Expenses	\$ 835	\$ -	\$ 835	No Adjustment
650	Transportation	\$ -	\$ -	\$ -	No Adjustment
656	Vehicle Insurance	\$ -	\$ -	\$ -	No Adjustment
657	General Liability Insurance	\$ 2,025	\$ -	\$ 2,025	Per Insurance Renewal Invoice
658	Workers' Comp Insurance	\$ -	\$ -	\$ -	No Adjustment
659	Insurance - Other	\$ -	\$ -	\$ -	No Adjustment
666	Amortz. of Rate Case	\$ 5,174	\$ (3,676)	\$ 1,498	Only 1 yr remaining from 2008 rate case. Amortize remainder over 3 yrs.
667	Gross Revenue Fee (PUC)	\$ 584	\$ 92	\$ 676	Calculation
670	Bad Debt Expense	\$ 80	\$ 107	\$ 187	4 year average
671	Cross Connection Control Program	\$ 75	\$ -	\$ 75	No Adjustment
673	Training and Certification	\$ 160	\$ -	\$ 160	No Adjustment
674	Consumer Confidence Report	\$ 250	\$ 25	\$ 275	Per Delta Environmental Svcs.
675	Miscellaneous Expense	\$ 664	\$ (0)	\$ 664	Bank fees, OAWU & AWWA renewals
OE1	Other Expense 1	\$ -	\$ -	\$ -	No Adjustment
OE2	Other Expense 2	\$ -	\$ -	\$ -	No Adjustment
OE3	Other Expense 3	\$ -	\$ -	\$ -	No Adjustment
OE4	Other Expense 4	\$ -	\$ -	\$ -	No Adjustment
OE5	Other Expense 5	\$ -	\$ -	\$ -	No Adjustment
	TOTAL OPERATING EXPENSE	\$ 253,287	\$ 1,689	\$ 254,976	
OTHER REVENUE DEDUCTIONS					
403	Depreciation Expense	\$ 3,315	\$ 87	\$ 3,402	Bring to current level
406	Amort of Plant Acquisition Adjustment	\$ -	\$ -	\$ -	No Adjustment
407	Amortization Expense	\$ -	\$ -	\$ -	No Adjustment
408.11	Property Tax	\$ 2,005	\$ (16)	\$ 1,989	2014-2015 Lane Co. tax statement
408.12	Payroll Tax	\$ -	\$ -	\$ -	No Adjustment
408.13	Other	\$ -	\$ -	\$ -	No Adjustment
409.1	Federal Income Tax	\$ 3,484	\$ (2,055)	\$ 1,429	Used Federal Tax rate of 15% vs. 28% listed on Application
409.11	Oregon Income Tax	\$ 1,231	\$ (558)	\$ 673	Used Oregon Tax rate of 6.60% vs. 9% listed on Application
409.13	Extraordinary Items Income Tax	\$ -	\$ -	\$ -	No Adjustment
	TOTAL REVENUE DEDUCTIONS	\$ 263,321	\$ (852)	\$ 262,469	
	NET OPERATING INCOME	\$ 8,986	\$ (891)	\$ 8,095	
UTILITY RATE BASE					
101	Utility Plant in Service	\$ 159,523	\$ 457,919	\$ 617,442	Bring to current level
272	Amortization of CIAC	\$ -	\$ -	\$ -	No Adjustment
	Less:				
108.1	Depreciation Reserve	\$ 91,042	\$ 3,411	\$ 94,453	Bring to current level
	Excess Capacity	\$ -	\$ 454,290	\$ 454,290	Water right - not in service
281	Accumulated Deferred Income Tax	\$ -	\$ -	\$ -	No Adjustment
	Net Utility Plant	\$ 68,481	\$ 218	\$ 68,699	Bring to current level
	Plus: (working capital)				
151	Materials and Supplies Inventory	\$ -	\$ -	\$ -	No Adjustment
WrkCash	Working Cash (Total Op Exp /12)	\$ 21,108	\$ 140	\$ 21,248	1/12 of Operating Expenses
	TOTAL RATE BASE	\$ 89,589	\$ 358	\$ 89,947	

Willamette Water Company
Docket # UW 161
Test Year: 2013

Cost of Capital

Utility Proposed Rate of Return	10.03%
Test Year Rate of Return	-3.39%
Staff Proposed Rate of Return	9.00%

Cost of Debt

	Debt	Original Balance	Outstanding Balance	Capital Structure	Cost	Weighted Cost
1				0.00%		
2				0.00%		
3				0.00%		
4				0.00%		
5				0.00%		
6				0.00%		
7				0.00%		
8				0.00%		
9				0.00%		
10				0.00%		
11				0.00%		
12				0.00%		
13				0.00%		
14				0.00%		
15				0.00%		
16				0.00%		
17				0.00%		
	TOTAL DEBT	\$0	\$0			0.00%

Equity

	Equity	Original Balance	Outstanding Balance	Capital Structure	Cost	Weighted Cost
1	Total Rate Base		\$89,947	100.00%	9.00%	9.00%
2				0.00%		
3				0.00%		
4				0.00%		
5				0.00%		
6				0.00%		
7				0.00%		
8				0.00%		
9				0.00%		
10				0.00%		
11				0.00%		
12				0.00%		
13				0.00%		
14				0.00%		
15				0.00%		
16				0.00%		
17				0.00%		
	TOTAL EQUITY	\$0	\$89,947			9.00%
	TOTAL DEBT + EQUITY		\$89,947			9.00% Rate of Return

Willamette Water Company
Docket # UW 161
Test Year: 2013

Residential Rate Design

Proposed Residential Revenues: \$89,041 Variable Rate: 40% Variable Revenues: \$35,617
Base Rate: 60% Base Revenues: \$53,425

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	% Increase
5/8" x 3/4"	85	\$ 28.64	\$ 29,213	1	1	\$ 41.03	\$ 41,854	43%
1"	9	\$ 54.25	\$ 5,859	2	2.5	\$ 82.07	\$ 8,863	51%
1.5"	1	\$ 82.48	\$ 990	3.5	5	\$ 143.62	\$ 1,723	74%
DM1	2	\$ 28.64	\$ 687	1	1	\$ 41.03	\$ 985	43%
TOTAL	97		\$ 36,749				\$ 53,425	45%

COMMODITY RATE

Proposed consumption per application:	1,246,800
Divided by unit of measure:	100 cf
Equals total consumption:	\$ 12,468
Proposed Variable Revenue:	\$ 35,617
Divided by consumption:	\$ 12,468
Equals commodity rate:	\$ 2.86 per 100 cf

CONSUMPTION

Size of Line	Annual Consumption (Test)	Annual Consumption per Customer	New Customers	Annual Consumption (Proposed)
5/8" x 3/4"	967,400	11,381		967,400
1"	233,900	25,989		233,900
1.5"	45,500	45,500		45,500
DM1		-		-
TOTAL	1,246,800	82,870	-	1,246,800

RATE COMPARISON

Current Company Rates					
Size of Line	Average Monthly Usage	Commodity Rate	Average Monthly Commodity Price	Base Rate	Total Average Monthly Bill
5/8" x 3/4"	9.48	\$ 3.38	\$ 32.04	\$ 28.64	\$ 60.68
1"	21.66	\$ 3.38	\$ 73.16	\$ 54.25	\$ 127.41
1.5"	37.92	\$ 3.38	\$ 128.08	\$ 82.48	\$ 210.56
DM1	0.00	\$ 3.38	\$ -	\$ 28.64	\$ 28.64

Proposed Company Rates					
Size of Line	Average Monthly Usage	Commodity Rate	Average Monthly Commodity Price	Base Rate	Total Average Monthly Bill
5/8" x 3/4"	9.48	\$ 3.04	\$ 28.83	\$ 34.45	\$ 63.28
1"	21.66	\$ 3.04	\$ 65.84	\$ 86.13	\$ 151.97
1.5"	37.92	\$ 3.04	\$ 115.27	\$ 131.95	\$ 247.22
DM1	0.00	\$ 3.04	\$ -		\$ -

Proposed Staff Rates					
Size of Line	Average Monthly Usage	Commodity Rate	Average Monthly Commodity Price	Base Rate	Total Average Monthly Bill
5/8" x 3/4"	9.48	\$ 2.86	\$ 27.09	\$ 41.03	\$ 68.13
1"	21.66	\$ 2.86	\$ 61.87	\$ 82.07	\$ 143.93
1.5"	37.92	\$ 2.86	\$ 108.31	\$ 143.62	\$ 251.93
DM1	0.00	\$ 2.86	\$ -	\$ 41.03	\$ 41.03

Willamette Water Company
Docket # UW 161
Test Year: 2013

Commercial Rate Design

Proposed Commercial Revenues: \$72,810 Variable Rate: 40% Variable Revenues: \$29,124
Base Rate: 60% Base Revenues: \$43,686

BASE RATES

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	% Increase
5/8" x 3/4"	18	\$ 28.64	\$ 6,186	1	1	\$ 29.24	\$ 6,316	2%
1"	19	\$ 54.25	\$ 12,369	2.5	2.5	\$ 73.10	\$ 16,667	35%
1 1/2"	6	\$ 82.48	\$ 5,939	5	5	\$ 146.20	\$ 10,527	77%
2"	3	\$ 144.34	\$ 5,196	8	8	\$ 233.93	\$ 8,421	62%
DM1*	3	\$ 28.64	\$ 1,031	1	15	\$ 29.24	\$ 1,053	2%
DM2	1	\$ 57.28	\$ 687	2	25	\$ 58.48	\$ 702	2%
TOTAL	50		\$ 31,408				\$ 43,686	39%

*DM1 is a dual meter. One meter is included in the 5/8 and this represents the other meter.

COMMODITY RATE

Proposed consumption per application:	1,003,100
Divided by unit of measure:	100 cf
Equals total consumption:	\$ 10,031
Proposed Variable Revenue:	\$ 29,124
Divided by consumption:	\$ 10,031
Equals commodity rate:	\$ 2.90 per 100 cf

CONSUMPTION

Size of Line	Annual Consumption (Test)	Annual Consumption per Customer	New Customers	Annual Consumption (Proposed)
5/8" x 3/4"	296,500	10,353		296,500
1"	505,800	9,324		505,800
1.5"	128,000	1,552		128,000
2"	72,800	504		72,800
DM1		-		-
DM2		-		-
TOTAL	1,003,100	21,732	-	1,003,100

RATE COMPARISON

Current Company Rates					
Size of Line	Average Monthly Usage	Commodity Rate	Average Monthly Commodity Price	Base Rate	Total Average Monthly Bill
5/8" x 3/4"	13.73	\$ 3.38	\$ 46.37	\$ 28.64	\$ 75.01
1"	22.18	\$ 3.38	\$ 74.94	\$ 54.25	\$ 129.19
1.5"	17.78	\$ 3.38	\$ 60.05	\$ 82.48	\$ 142.53
2"	20.22	\$ 3.38	\$ 68.31	\$ 144.34	\$ 212.65
DM1	0.00	\$ 3.38	\$ -	\$ 28.64	\$ 28.64
DM2	0.00	\$ 3.38	\$ -	\$ 57.28	\$ 57.28

Proposed Company Rates					
Size of Line	Average Monthly Usage	Commodity Rate	Average Monthly Commodity Price	Base Rate	Total Average Monthly Bill
5/8" x 3/4"	13.73	\$ 3.04	\$ 41.73	\$ 34.45	\$ 76.18
1"	22.18	\$ 3.04	\$ 67.44	\$ 86.13	\$ 153.57
1.5"	17.78	\$ 3.04	\$ 54.04	\$ 131.95	\$ 185.99
2"	20.22	\$ 3.04	\$ 61.48	\$ 230.83	\$ 292.31
DM1	0.00	\$ 3.04	\$ -		\$ -
DM2	0.00	\$ 3.04	\$ -		\$ -

Proposed Staff Rates					
Size of Line	Average Monthly Usage	Commodity Rate	Average Monthly Commodity Price	Base Rate	Total Average Monthly Bill
5/8" x 3/4"	13.73	\$ 2.90	\$ 39.85	\$ 29.24	\$ 69.10
1"	22.18	\$ 2.90	\$ 64.41	\$ 73.10	\$ 137.51
1.5"	17.78	\$ 2.90	\$ 51.62	\$ 146.20	\$ 197.82
2"	20.22	\$ 2.90	\$ 58.71	\$ 233.93	\$ 292.64
DM1	0.00	\$ 2.90	\$ -	\$ 29.24	\$ 29.24
DM2	0.00	\$ 2.90	\$ -	\$ 58.48	\$ 58.48

Willamette Water Company
Docket # UW 161
Test Year: 2013

Industrial Rate Design

Proposed Industrial Revenues: \$104,286 Variable Rate: 40% Variable Revenues: \$41,715
Base Rate: 60% Base Revenues: \$62,572

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	% Increase
5/8" x 3/4"	2	\$ 28.64	\$ 687	1	1	\$ 23.23	\$ 557	-19%
1"	1	\$ 54.25	\$ 651	2.5	2.5	\$ 58.07	\$ 697	7%
1.5"	1	\$ 82.48	\$ 990	5	5	\$ 116.13	\$ 1,394	41%
3"	1	\$ 312.00	\$ 3,744	15	15	\$ 348.40	\$ 4,181	12%
6"	4	\$ 687.31	\$ 32,991	50	50	\$ 1,161.32	\$ 55,743	69%
TOTAL	9		\$ 39,063				\$ 62,572	60%

COMMODITY RATE

Proposed consumption per application:	1,537,000
Divided by unit of measure:	100 cf
Equals total consumption:	\$ 15,370
Proposed Variable Revenue:	\$ 41,715
Divided by consumption:	\$ 15,370
Equals commodity rate:	\$ 2.71 per 100 cf

CONSUMPTION

Size of Line	Annual Consumption (Test)	Annual Consumption per Customer	New Customers	Annual Consumption (Proposed)
5/8" x 3/4"	47,200	23,600		47,200
1"	128,600	128,600		128,600
1.5"	34,600	34,600		34,600
3"	282,600	282,600		282,600
6"	1,044,000	261,000		1,044,000
TOTAL	1,537,000	730,400	-	1,537,000

RATE COMPARISON

Current Company Rates					
Size of Line	Average Monthly Usage	Commodity Rate	Average Monthly Commodity Price	Base Rate	Total Average Monthly Bill
5/8" x 3/4"	19.67	\$ 3.38	\$ 66.43	\$ 28.64	\$ 95.07
1"	107.17	\$ 3.38	\$ 362.01	\$ 54.25	\$ 416.26
1.5"	28.83	\$ 3.38	\$ 97.40	\$ 82.48	\$ 179.88
3"	235.50	\$ 3.38	\$ 795.52	\$ 312.00	\$ 1,107.52
6"	217.50	\$ 3.38	\$ 734.72	\$ 687.31	\$ 1,422.03

Proposed Company Rates					
Size of Line	Average Monthly Usage	Commodity Rate	Average Monthly Commodity Price	Base Rate	Total Average Monthly Bill
5/8" x 3/4"	19.67	\$ 3.04	\$ 59.79	\$ 34.45	\$ 94.24
1"	107.17	\$ 3.04	\$ 325.79	\$ 86.13	\$ 411.92
1.5"	28.83	\$ 3.04	\$ 87.65	\$ 131.95	\$ 219.60
3"	235.50	\$ 3.04	\$ 715.92	\$ 516.79	\$ 1,232.71
6"	217.50	\$ 3.04	\$ 661.20	\$ 1,099.73	\$ 1,760.93

Proposed Staff Rates					
Size of Line	Average Monthly Usage	Commodity Rate	Average Monthly Commodity Price	Base Rate	Total Average Monthly Bill
5/8" x 3/4"	19.67	\$ 2.71	\$ 53.38	\$ 23.23	\$ 76.60
1"	107.17	\$ 2.71	\$ 290.85	\$ 58.07	\$ 348.92
1.5"	28.83	\$ 2.71	\$ 78.25	\$ 116.13	\$ 194.39
3"	235.50	\$ 2.71	\$ 639.15	\$ 348.40	\$ 987.55
6"	217.50	\$ 2.71	\$ 590.30	\$ 1,161.32	\$ 1,751.62

Willamette Water Company
Docket # UW 161
Test Year: 2013

Public Fire Protection Rate Design

Proposed Public Fire Protection Revenues: \$171 Variable Rate: 100% Variable Revenues: \$171
Base Rate: 0% Base Revenues: \$0

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	% Increase
4" or smaller	1		\$0	1	1	\$0.00	\$0	0%
6"			\$0		1	\$0.00	\$0	0%
8"			\$0		2.5	\$0.00	\$0	0%
10"			\$0		5	\$0.00	\$0	0%
12"			\$0		8	\$0.00	\$0	0%
Private Fire Protection			\$0		15	\$0.00	\$0	0%
Hydrant & Maintenance			\$0		50	\$0.00	\$0	0%
TOTAL	1		\$0				\$0	0%

COMMODITY RATE

Proposed consumption per application:	5,700
Divided by unit of measure:	100 cf
Equals total consumption:	\$57
Proposed Variable Revenue:	\$171
Divided by consumption:	\$57
Equals commodity rate:	\$3.00 per 100 cf

CONSUMPTION

Size of Line	Annual Consumption (Test)	Annual Consumption per Customer	New Customers	Annual Consumption (Proposed)
4" or smaller	5,700	-		5,700
6"		-		-
8"		-		-
10"		-		-
12"		-		-
Private Fire Protection		-		-
Hydrant & Maintenance		-		-
TOTAL	5,700	-	-	5,700

RATE COMPARISON

Current Company Rates					
Size of Line	Average Monthly Usage	Commodity Rate	Average Monthly Commodity Price	Base Rate	Total Average Monthly Bill
4" or smaller	4.75	3.378	16.0455	\$0.00	\$16.05
6"	0		0	\$0.00	\$0.00
8"	0		0	\$0.00	\$0.00
10"	0		0	\$0.00	\$0.00
12"	0		0	\$0.00	\$0.00
Private Fire Protection	0		0	\$0.00	\$0.00
Hydrant & Maintenance	0		0	\$0.00	\$0.00

Proposed Company Rates					
Size of Line	Average Monthly Usage	Commodity Rate	Average Monthly Commodity Price	Base Rate	Total Average Monthly Bill
4" or smaller	4.75		0		\$0.00
6"	0		0		\$0.00
8"	0		0		\$0.00
10"	0		0		\$0.00
12"	0		0		\$0.00
Private Fire Protection	0		0		\$0.00
Hydrant & Maintenance	0		0		\$0.00

Proposed Staff Rates					
Size of Line	Average Monthly Usage	Commodity Rate	Average Monthly Commodity Price	Base Rate	Total Average Monthly Bill
4" or smaller	4.75	\$3.00	14.22873839	\$0.00	\$14.23
6"	0	\$3.00	0	\$0.00	\$0.00
8"	0	\$3.00	0	\$0.00	\$0.00
10"	0	\$3.00	0	\$0.00	\$0.00
12"	0	\$3.00	0	\$0.00	\$0.00
Private Fire Protection	0	\$3.00	0	\$0.00	\$0.00
Hydrant & Maintenance	0	\$3.00	0	\$0.00	\$0.00

Willamette Water Company
Docket # UW 161
Test Year: 2013

Private Fire Protection Rate Design

Proposed Private Fire Protection Revenues: \$4,012 Variable Rate: 0% Variable Revenues: \$0
Base Rate: 100% Base Revenues: \$4,012

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	% Increase
4" or smaller	7	\$20.30	\$1,705	1	1	\$30.39	\$2,553	50%
6"	2	\$43.56	\$1,045	2	1	\$60.78	\$1,459	40%
8"			\$0		2.5	\$0.00	\$0	0%
10"			\$0		5	\$0.00	\$0	0%
12"			\$0		8	\$0.00	\$0	0%
Private Fire Protection			\$0		15	\$0.00	\$0	0%
Hydrant & Maintenance			\$0		50	\$0.00	\$0	0%
TOTAL	9		\$2,751				\$4,012	46%

COMMODITY RATE

Proposed consumption per application:	0
Divided by unit of measure:	100 cf
Equals total consumption:	\$0
Proposed Variable Revenue:	\$0
Divided by consumption:	\$0
Equals commodity rate:	\$2.90 per 100 cf

CONSUMPTION

Size of Line	Annual Consumption (Test)	Annual Consumption per Customer	New Customers	Annual Consumption (Proposed)
4" or smaller		-		-
6"		-		-
8"		-		-
10"		-		-
12"		-		-
Private Fire Protection		-		-
Hydrant & Maintenance		-		-
TOTAL	-	-	-	-

RATE COMPARISON

Current Company Rates					
Size of Line	Average Monthly Usage	Commodity Rate	Average Monthly Commodity Price	Base Rate	Total Average Monthly Bill
4" or smaller	0	3.378	0	\$20.30	\$20.30
6"	0	3.378	0	\$43.56	\$43.56
8"	0		0	\$0.00	\$0.00
10"	0		0	\$0.00	\$0.00
12"	0		0	\$0.00	\$0.00
Private Fire Protection	0		0	\$0.00	\$0.00
Hydrant & Maintenance	0		0	\$0.00	\$0.00

Proposed Company Rates					
Size of Line	Average Monthly Usage	Commodity Rate	Average Monthly Commodity Price	Base Rate	Total Average Monthly Bill
4" or smaller	0		0	\$30.45	\$30.45
6"	0		0	\$60.90	\$60.90
8"	0		0		\$0.00
10"	0		0		\$0.00
12"	0		0		\$0.00
Private Fire Protection	0		0		\$0.00
Hydrant & Maintenance	0		0		\$0.00

Proposed Staff Rates					
Size of Line	Average Monthly Usage	Commodity Rate	Average Monthly Commodity Price	Base Rate	Total Average Monthly Bill
4" or smaller	0	\$2.90	0	\$30.39	\$30.39
6"	0	\$2.90	0	\$60.78	\$60.78
8"	0	\$2.90	0	\$0.00	\$0.00
10"	0	\$2.90	0	\$0.00	\$0.00
12"	0	\$2.90	0	\$0.00	\$0.00
Private Fire Protection	0	\$2.90	0	\$0.00	\$0.00
Hydrant & Maintenance	0	\$2.90	0	\$0.00	\$0.00

Willamette Water Company
Docket # UW 161
Test Year: 2013

Residential Rate Impact

Residential 5/8" x 3/4"

	Monthly Consumptions Customer Usage	Current Base Rate	Monthly Consumptions Customer Usage	Current Commodity Rate	Total Current Average Monthly Bill	Staff Proposed Customer Base Rate	Proposed Commodity Rate per 100 cf	Usage Factor	Total Proposed Monthly Bill	Difference
	0	\$28.64	0	\$3.38	\$28.64	\$41.03	\$2.86	0	\$41.03	\$12.39
Average	948	\$28.64	9.48	\$3.38	\$60.68	\$41.03	\$2.86	9.48	\$68.13	\$7.45
	1000	\$28.64	10	\$3.38	\$62.42	\$41.03	\$2.86	10	\$69.60	\$7.18
	2000	\$28.64	20	\$3.38	\$96.20	\$41.03	\$2.86	20	\$98.17	\$1.97
	3000	\$28.64	30	\$3.38	\$129.98	\$41.03	\$2.86	30	\$126.73	(\$3.25)
	4000	\$28.64	40	\$3.38	\$163.76	\$41.03	\$2.86	40	\$155.30	(\$8.46)
	5000	\$28.64	50	\$3.38	\$197.54	\$41.03	\$2.86	50	\$183.86	(\$13.68)
	6000	\$28.64	60	\$3.38	\$231.32	\$41.03	\$2.86	60	\$212.43	(\$18.89)
	8000	\$28.64	80	\$3.38	\$298.88	\$41.03	\$2.86	80	\$269.56	(\$29.32)
	10000	\$28.64	100	\$3.38	\$366.44	\$41.03	\$2.86	100	\$326.70	(\$39.74)

Residential 1"

	Monthly Consumptions Customer Usage	Current Base Rate	Monthly Consumptions Customer Usage	Current Commodity Rate	Total Current Average Monthly Bill	Staff Proposed Customer Base Rate	Proposed Commodity Rate per 100 cf	Usage Factor	Total Proposed Monthly Bill	Difference
	0	\$54.25	0	\$3.38	\$54.25	\$82.07	\$2.86	0	\$82.07	\$27.82
	1000	\$54.25	10	\$3.38	\$88.03	\$82.07	\$2.86	10	\$110.63	\$22.60
	2000	\$54.25	20	\$3.38	\$121.81	\$82.07	\$2.86	20	\$139.20	\$17.39
Average	2166	\$54.25	21.66	\$3.38	\$127.41	\$82.07	\$2.86	21.66	\$143.93	\$16.52
	3000	\$54.25	30	\$3.38	\$155.59	\$82.07	\$2.86	30	\$167.77	\$12.18
	4000	\$54.25	40	\$3.38	\$189.37	\$82.07	\$2.86	40	\$196.33	\$6.96
	5000	\$54.25	50	\$3.38	\$223.15	\$82.07	\$2.86	50	\$224.90	\$1.75
	6000	\$54.25	60	\$3.38	\$256.93	\$82.07	\$2.86	60	\$253.46	(\$3.47)
	8000	\$54.25	80	\$3.38	\$324.49	\$82.07	\$2.86	80	\$310.60	(\$13.89)
	10000	\$54.25	100	\$3.38	\$392.05	\$82.07	\$2.86	100	\$367.73	(\$24.32)

Residential 1.5"

	Monthly Consumptions Customer Usage	Current Base Rate	Monthly Consumptions Customer Usage	Current Commodity Rate	Total Current Average Monthly Bill	Staff Proposed Customer Base Rate	Proposed Commodity Rate per 100 cf	Usage Factor	Total Proposed Monthly Bill	Difference
	0	\$82.48	0	\$3.38	\$82.48	\$143.62	\$2.86	0	\$143.62	\$61.14
	1000	\$82.48	10	\$3.38	\$116.26	\$143.62	\$2.86	10	\$172.18	\$55.92
	2000	\$82.48	20	\$3.38	\$150.04	\$143.62	\$2.86	20	\$200.75	\$50.71
	3000	\$82.48	30	\$3.38	\$183.82	\$143.62	\$2.86	30	\$229.31	\$45.49
Average	3792	\$82.48	37.92	\$3.38	\$210.56	\$143.62	\$2.86	37.92	\$251.93	\$41.37
	4000	\$82.48	40	\$3.38	\$217.60	\$143.62	\$2.86	40	\$257.88	\$40.28
	5000	\$82.48	50	\$3.38	\$251.38	\$143.62	\$2.86	50	\$286.45	\$35.07
	6000	\$82.48	60	\$3.38	\$285.16	\$143.62	\$2.86	60	\$315.01	\$29.85
	8000	\$82.48	80	\$3.38	\$352.72	\$143.62	\$2.86	80	\$372.15	\$19.43
	10000	\$82.48	100	\$3.38	\$420.28	\$143.62	\$2.86	100	\$429.28	\$9.00

Willamette Water Company
Docket # UW 161
Test Year: 2013

Commercial Rate Impact

Commercial 5/8" x 3/4"

	Monthly Consumptions Customer Usage	Current Base Rate	Monthly Consumptions Customer Usage	Current Commodity Rate	Total Current Average Monthly Bill	Staff Proposed Customer Base Rate	Proposed Commodity Rate per 100 cf	Usage Factor	Total Proposed Monthly Bill	Difference
	0	\$28.64	0	\$3.38	\$28.64	\$29.24	\$2.90	0	\$29.24	\$0.60
	1000	\$28.64	10	\$3.38	\$62.42	\$29.24	\$2.90	10	\$58.27	(\$4.15)
Average	1373	\$28.64	13.73	\$3.38	\$75.01	\$29.24	\$2.90	13.73	\$69.10	(\$5.91)
	2000	\$28.64	20	\$3.38	\$96.20	\$29.24	\$2.90	20	\$87.31	(\$8.89)
	3000	\$28.64	30	\$3.38	\$129.98	\$29.24	\$2.90	30	\$116.34	(\$13.64)
	4000	\$28.64	40	\$3.38	\$163.76	\$29.24	\$2.90	40	\$145.38	(\$18.38)
	5000	\$28.64	50	\$3.38	\$197.54	\$29.24	\$2.90	50	\$174.41	(\$23.13)
	6000	\$28.64	60	\$3.38	\$231.32	\$29.24	\$2.90	60	\$203.44	(\$27.88)
	8000	\$28.64	80	\$3.38	\$298.88	\$29.24	\$2.90	80	\$261.51	(\$37.37)
	10000	\$28.64	100	\$3.38	\$366.44	\$29.24	\$2.90	100	\$319.58	(\$46.86)

Commercial 1"

	Monthly Consumptions Customer Usage	Current Base Rate	Monthly Consumptions Customer Usage	Current Commodity Rate	Total Current Average Monthly Bill	Staff Proposed Customer Base Rate	Proposed Commodity Rate per 100 cf	Usage Factor	Total Proposed Monthly Bill	Difference
	0	\$54.25	0	\$3.38	\$54.25	\$73.10	\$2.90	0	\$73.10	\$18.85
	1000	\$54.25	10	\$3.38	\$88.03	\$73.10	\$2.90	10	\$102.14	\$14.11
	2000	\$54.25	20	\$3.38	\$121.81	\$73.10	\$2.90	20	\$131.17	\$9.36
Average	2218	\$54.25	22.18	\$3.38	\$129.19	\$73.10	\$2.90	22.18	\$137.51	\$8.32
	3000	\$54.25	30	\$3.38	\$155.59	\$73.10	\$2.90	30	\$160.20	\$4.61
	4000	\$54.25	40	\$3.38	\$189.37	\$73.10	\$2.90	40	\$189.24	(\$0.13)
	5000	\$54.25	50	\$3.38	\$223.15	\$73.10	\$2.90	50	\$218.27	(\$4.88)
	6000	\$54.25	60	\$3.38	\$256.93	\$73.10	\$2.90	60	\$247.31	(\$9.62)
	8000	\$54.25	80	\$3.38	\$324.49	\$73.10	\$2.90	80	\$305.37	(\$19.12)
	10000	\$54.25	100	\$3.38	\$392.05	\$73.10	\$2.90	100	\$363.44	(\$28.61)

Commercial 1.5"

	Monthly Consumptions Customer Usage	Current Base Rate	Monthly Consumptions Customer Usage	Current Commodity Rate	Total Current Average Monthly Bill	Staff Proposed Customer Base Rate	Proposed Commodity Rate per 100 cf	Usage Factor	Total Proposed Monthly Bill	Difference
	0	\$82.48	0	\$3.38	\$82.48	\$146.20	\$2.90	0	\$146.20	\$63.72
	1000	\$82.48	10	\$3.38	\$116.26	\$146.20	\$2.90	10	\$175.24	\$58.98
Average	1778	\$82.48	17.78	\$3.38	\$142.53	\$146.20	\$2.90	17.78	\$197.82	\$55.29
	2000	\$82.48	20	\$3.38	\$150.04	\$146.20	\$2.90	20	\$204.27	\$54.23
	3000	\$82.48	30	\$3.38	\$183.82	\$146.20	\$2.90	30	\$233.31	\$49.49
	4000	\$82.48	40	\$3.38	\$217.60	\$146.20	\$2.90	40	\$262.34	\$44.74
	5000	\$82.48	50	\$3.38	\$251.38	\$146.20	\$2.90	50	\$291.37	\$39.99
	6000	\$82.48	60	\$3.38	\$285.16	\$146.20	\$2.90	60	\$320.41	\$35.25
	8000	\$82.48	80	\$3.38	\$352.72	\$146.20	\$2.90	80	\$378.48	\$25.76
	10000	\$82.48	100	\$3.38	\$420.28	\$146.20	\$2.90	100	\$436.54	\$16.26

Commercial 2"

	Monthly Consumptions Customer Usage	Current Base Rate	Monthly Consumptions Customer Usage	Current Commodity Rate	Total Current Average Monthly Bill	Staff Proposed Customer Base Rate	Proposed Commodity Rate per 100 cf	Usage Factor	Total Proposed Monthly Bill	Difference
	0	\$144.34	0	\$3.38	\$144.34	\$233.93	\$2.90	0	\$233.93	\$89.59
	1000	\$144.34	10	\$3.38	\$178.12	\$233.93	\$2.90	10	\$262.96	\$84.84
	2000	\$144.34	20	\$3.38	\$211.90	\$233.93	\$2.90	20	\$291.99	\$80.09
Average	2022	\$144.34	20.22	\$3.38	\$212.65	\$233.93	\$2.90	20.22	\$292.64	\$79.99
	3000	\$144.34	30	\$3.38	\$245.68	\$233.93	\$2.90	30	\$321.03	\$75.35
	4000	\$144.34	40	\$3.38	\$279.46	\$233.93	\$2.90	40	\$350.06	\$70.60
	5000	\$144.34	50	\$3.38	\$313.24	\$233.93	\$2.90	50	\$379.10	\$65.86
	6000	\$144.34	60	\$3.38	\$347.02	\$233.93	\$2.90	60	\$408.13	\$61.11
	8000	\$144.34	80	\$3.38	\$414.58	\$233.93	\$2.90	80	\$466.20	\$51.62
	10000	\$144.34	100	\$3.38	\$482.14	\$233.93	\$2.90	100	\$524.27	\$42.13

Willamette Water Company
Docket # UW 161
Test Year: 2013

Industrial Rate Impact

Industrial 5/8" x 3/4"

	Monthly Consumptions Customer Usage	Current Base Rate	Monthly Consumptions Customer Usage	Current Commodity Rate	Total Current Average Monthly Bill	Staff Proposed Customer Base Rate	Proposed Commodity Rate per 100 cf	Usage Factor	Total Proposed Monthly Bill	Difference
	0	28.64	0	\$3.38	\$28.64	\$23.23	\$2.71	0	\$23.23	(\$5.41)
	1000	28.64	10	\$3.38	\$62.42	\$23.23	\$2.71	10	\$50.37	(\$12.05)
Average	1967	28.64	19.67	\$3.38	\$95.07	\$23.23	2.71	19.67	\$76.60	(\$18.47)
	2000	28.64	20	\$3.38	\$96.20	\$23.23	\$2.71	20	\$77.51	(\$18.69)
	3000	28.64	30	\$3.38	\$129.98	\$23.23	\$2.71	30	\$104.65	(\$25.33)
	4000	28.64	40	\$3.38	\$163.76	\$23.23	\$2.71	40	\$131.79	(\$31.97)
	5000	28.64	50	\$3.38	\$197.54	\$23.23	\$2.71	50	\$158.93	(\$38.61)
	6000	28.64	60	\$3.38	\$231.32	\$23.23	\$2.71	60	\$186.07	(\$45.25)
	8000	28.64	80	\$3.38	\$298.88	\$23.23	\$2.71	80	\$240.35	(\$58.53)
	10000	28.64	100	\$3.38	\$366.44	\$23.23	\$2.71	100	\$294.63	(\$71.81)

Industrial 1"

	Monthly Consumptions Customer Usage	Current Base Rate	Monthly Consumptions Customer Usage	Current Commodity Rate	Total Current Average Monthly Bill	Staff Proposed Customer Base Rate	Proposed Commodity Rate per 100 cf	Usage Factor	Total Proposed Monthly Bill	Difference
	0	\$54.25	0	\$3.38	\$54.25	\$58.07	\$2.71	0	\$58.07	\$3.82
	2000	\$54.25	20	\$3.38	\$121.81	\$58.07	\$2.71	20	\$112.35	(\$9.46)
	4000	\$54.25	40	\$3.38	\$189.37	\$58.07	\$2.71	40	\$166.63	(\$22.74)
	6000	\$54.25	60	\$3.38	\$256.93	\$58.07	\$2.71	60	\$220.91	(\$36.02)
	8000	\$54.25	80	\$3.38	\$324.49	\$58.07	\$2.71	80	\$275.19	(\$49.30)
	10000	\$54.25	100	\$3.38	\$392.05	\$58.07	\$2.71	100	\$329.47	(\$62.58)
Average	10717	\$54.25	107.17	\$3.38	\$416.26	\$58.07	\$2.71	107.17	\$348.92	(\$67.34)
	12000	\$54.25	120	\$3.38	\$459.61	\$58.07	\$2.71	120	\$383.75	(\$75.86)
	14000	\$54.25	140	\$3.38	\$527.17	\$58.07	\$2.71	140	\$438.03	(\$89.14)
	16000	\$54.25	160	\$3.38	\$594.73	\$58.07	\$2.71	160	\$492.31	(\$102.42)

Industrial 1.5"

	Monthly Consumptions Customer Usage	Current Base Rate	Monthly Consumptions Customer Usage	Current Commodity Rate	Total Current Average Monthly Bill	Staff Proposed Customer Base Rate	Proposed Commodity Rate per 100 cf	Usage Factor	Total Proposed Monthly Bill	Difference
	0	\$82.48	0	\$3.38	\$82.48	\$116.13	\$2.71	0	\$116.13	\$33.65
	1000	\$82.48	10	\$3.38	\$116.26	\$116.13	\$2.71	10	\$143.27	\$27.01
	2000	\$82.48	20	\$3.38	\$150.04	\$116.13	\$2.71	20	\$170.41	\$20.37
Average	2883	\$82.48	28.83	\$3.38	\$179.88	\$116.13	\$2.71	28.83	\$194.39	\$14.51
	3000	\$82.48	30	\$3.38	\$183.82	\$116.13	\$2.71	30	\$197.55	\$13.73
	4000	\$82.48	40	\$3.38	\$217.60	\$116.13	\$2.71	40	\$224.69	\$7.09
	5000	\$82.48	50	\$3.38	\$251.38	\$116.13	\$2.71	50	\$251.83	\$0.45
	6000	\$82.48	60	\$3.38	\$285.16	\$116.13	\$2.71	60	\$278.97	(\$6.19)
	8000	\$82.48	80	\$3.38	\$352.72	\$116.13	\$2.71	80	\$333.25	(\$19.47)
	10000	\$82.48	100	\$3.38	\$420.28	\$116.13	\$2.71	100	\$387.53	(\$32.75)

Industrial 3"

Monthly Consumptions Customer Usage	Current Base Rate	Monthly Consumptions Customer Usage	Current Commodity Rate	Total Current Average Monthly Bill	Staff Proposed Customer Base Rate	Proposed Commodity Rate per 100 cf	Usage Factor	Total Proposed Monthly Bill	Difference
0	\$312.00	0	\$3.38	\$312.00	\$348.40	\$2.71	0	\$348.40	\$36.40
4000	\$312.00	40	\$3.38	\$447.12	\$348.40	\$2.71	40	\$456.96	\$9.84
8000	\$312.00	80	\$3.38	\$582.24	\$348.40	\$2.71	80	\$565.52	(\$16.72)
12000	\$312.00	120	\$3.38	\$717.36	\$348.40	\$2.71	120	\$674.08	(\$43.28)
16000	\$312.00	160	\$3.38	\$852.48	\$348.40	\$2.71	160	\$782.64	(\$69.84)
20000	\$312.00	200	\$3.38	\$987.60	\$348.40	\$2.71	200	\$891.20	(\$96.40)
Average	23550	235.50	\$3.38	\$1,107.52	\$348.40	\$2.71	235.50	\$987.55	(\$119.97)
24000	\$312.00	240	\$3.38	\$1,122.72	\$348.40	\$2.71	240	\$999.76	(\$122.96)
28000	\$312.00	280	\$3.38	\$1,257.84	\$348.40	\$2.71	280	\$1,108.32	(\$149.52)
32000	\$312.00	320	\$3.38	\$1,392.96	\$348.40	\$2.71	320	\$1,216.88	(\$176.08)

Industrial 6"

Monthly Consumptions Customer Usage	Current Base Rate	Monthly Consumptions Customer Usage	Current Commodity Rate	Total Current Average Monthly Bill	Staff Proposed Customer Base Rate	Proposed Commodity Rate per 100 cf	Usage Factor	Total Proposed Monthly Bill	Difference
0	\$687.31	0	\$3.38	\$687.31	\$1,161.32	\$2.71	0	\$1,161.32	\$474.01
4000	\$687.31	40	\$3.38	\$822.43	\$1,161.32	\$2.71	40	\$1,269.88	\$447.45
8000	\$687.31	80	\$3.38	\$957.55	\$1,161.32	\$2.71	80	\$1,378.44	\$420.89
12000	\$687.31	120	\$3.38	\$1,092.67	\$1,161.32	\$2.71	120	\$1,487.00	\$394.33
16000	\$687.31	160	\$3.38	\$1,227.79	\$1,161.32	\$2.71	160	\$1,595.56	\$367.77
20000	\$687.31	200	\$3.38	\$1,362.91	\$1,161.32	\$2.71	200	\$1,704.12	\$341.21
Average	21750	217.50	\$3.38	\$1,422.03	\$1,161.32	\$2.71	217.50	\$1,751.62	\$329.59
23550	\$687.31	235.5	\$3.38	\$1,482.83	\$1,161.32	\$2.71	235.5	\$1,800.47	\$317.64
24000	\$687.31	240	\$3.38	\$1,498.03	\$1,161.32	\$2.71	240	\$1,812.68	\$314.65
28000	\$687.31	280	\$3.38	\$1,633.15	\$1,161.32	\$2.71	280	\$1,921.25	\$288.10

Willamette Water Company
Docket # UW 161
Test Year: 2013

Public Fire Protection Rate Impact

Fire 4" or smaller

	Monthly Consumptions Customer Usage	Current Base Rate	Monthly Consumptions Customer Usage	Current Commodity Rate	Total Current Average Monthly Bill	Staff Proposed Customer Base Rate	Proposed Commodity Rate per 100 gal	Usage Factor	Total Proposed Monthly Bill	Difference
	0	\$0.00	0	\$3.38	\$0.00	\$0.00	\$3.00	0	\$0.00	\$0.00
	100	\$0.00	1	\$3.38	\$3.38	\$0.00	\$3.00	1	\$3.00	(\$0.38)
	350	\$0.00	3.5	\$3.38	\$11.82	\$0.00	\$3.00	3.5	\$10.48	(\$1.34)
Average	475	\$0.00	4.75	\$3.38	\$16.05	\$0.00	\$3.00	4.75	\$14.23	(\$1.82)
	600	\$0.00	6	\$3.38	\$20.27	\$0.00	\$3.00	6	\$17.97	(\$2.29)
	850	\$0.00	8.5	\$3.38	\$28.71	\$0.00	\$3.00	8.5	\$25.46	(\$3.25)
	1100	\$0.00	11	\$3.38	\$37.16	\$0.00	\$3.00	11	\$32.95	(\$4.21)
	1350	\$0.00	13.5	\$3.38	\$45.60	\$0.00	\$3.00	13.5	\$40.44	(\$5.16)
	1600	\$0.00	16	\$3.38	\$54.05	\$0.00	\$3.00	16	\$47.93	(\$6.12)
	1850	\$0.00	18.5	\$3.38	\$62.49	\$0.00	\$3.00	18.5	\$55.42	(\$7.08)

Willamette Water Company
Docket # UW 161
Test Year: 2013

Private Fire Protection Rate Impact

Fire 4" or smaller

	Monthly Consumptions Customer Usage	Current Base Rate	Monthly Consumptions Customer Usage	Current Commodity Rate	Total Current Average Monthly Bill	Staff Proposed Customer Base Rate	Proposed Commodity Rate per 100 gal	Usage Factor	Total Proposed Monthly Bill	Difference
Average	0	20.3	0	\$3.38	\$20.30	\$30.39	\$2.90	0	\$30.39	\$10.09
	0	20.3	0	\$3.38	\$20.30	\$30.39	\$2.90	0	\$30.39	\$10.09
	1000	20.3	10	\$3.38	\$54.08	\$30.39	\$2.90	10	\$59.42	\$5.34
	2000	20.3	20	\$3.38	\$87.86	\$30.39	\$2.90	20	\$88.46	\$0.60
	3000	20.3	30	\$3.38	\$121.64	\$30.39	\$2.90	30	\$117.49	(\$4.15)
	4000	20.3	40	\$3.38	\$155.42	\$30.39	\$2.90	40	\$146.53	(\$8.89)
	5000	20.3	50	\$3.38	\$189.20	\$30.39	\$2.90	50	\$175.56	(\$13.64)
	6000	20.3	60	\$3.38	\$222.98	\$30.39	\$2.90	60	\$204.59	(\$18.39)
	8000	20.3	80	\$3.38	\$290.54	\$30.39	\$2.90	80	\$262.66	(\$27.88)
	10000	20.3	100	\$3.38	\$358.10	\$30.39	\$2.90	100	\$320.73	(\$37.37)

Fire 6"

	Monthly Consumptions Customer Usage	Current Base Rate	Monthly Consumptions Customer Usage	Current Commodity Rate	Total Current Average Monthly Bill	Staff Proposed Customer Base Rate	Proposed Commodity Rate per 100 gal	Usage Factor	Total Proposed Monthly Bill	Difference
Average	0	43.56	0	\$3.38	\$43.56	\$60.78	\$2.90	0	\$60.78	\$17.22
	0	43.56	0	\$3.38	\$43.56	\$0.00	\$2.90	0	\$0.00	(\$43.56)
	1000	43.56	10	\$3.38	\$77.34	\$0.00	\$2.90	10	\$29.03	(\$48.31)
	2000	43.56	20	\$3.38	\$111.12	\$0.00	\$2.90	20	\$58.07	(\$53.05)
	3000	43.56	30	\$3.38	\$144.90	\$0.00	\$2.90	30	\$87.10	(\$57.80)
	4000	43.56	40	\$3.38	\$178.68	\$0.00	\$2.90	40	\$116.14	(\$62.54)
	5000	43.56	50	\$3.38	\$212.46	\$0.00	\$2.90	50	\$145.17	(\$67.29)
	6000	43.56	60	\$3.38	\$246.24	\$0.00	\$2.90	60	\$174.20	(\$72.04)
	8000	43.56	80	\$3.38	\$313.80	\$0.00	\$2.90	80	\$232.27	(\$81.53)
	10000	43.56	100	\$3.38	\$381.36	\$0.00	\$2.90	100	\$290.34	(\$91.02)

CASE: UW 161
WITNESS: GREG MILLER

**PUBLIC UTILITY COMMISSION
OF
OREGON**

STAFF EXHIBIT 102

Witness Qualifications Statement

March 5, 2015

WITNESS QUALIFICATION STATEMENT

NAME: GREG MILLER

EMPLOYER: PUBLIC UTILITY COMMISSION OF OREGON

TITLE: Utility Analyst, Telecommunications and Water Division.

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

EDUCATION: Bachelor of Science, Business/Finance, Oregon State University

EXPERIENCE: Employed with the Oregon Public Utility Commission since 2013. I am currently a Water Utility Analyst for the Telecommunications and Water Division Section.

Employed by Oregon Housing and Community Services as a Program Analyst from 2012 to 2013.

Licensed Tax Preparer in the State of Oregon.