
**PUBLIC UTILITY COMMISSION
OF OREGON**

UW 163

**STAFF TESTIMONY
OF**

STEPHANIE YAMADA

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

November 25, 2015

CASE: UW 163
WITNESS: STEPHANIE YAMADA

**PUBLIC UTILITY COMMISSION
OF
OREGON**

STORLIE WATER COMPANY, INC.

STAFF EXHIBIT 100

Testimony in Support of the Stipulation

November 25, 2015

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INTRODUCTION

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

A. My name is Stephanie Yamada. I am a Utility Analyst in the Telecommunications and Water Division of the Utility Program at the Oregon Public Utility Commission (Commission). My business address is 201 High St SE, Suite 100, Salem, Oregon 97301.

Q. PLEASE DESCRIBE YOUR EDUCATIONAL BACKGROUND AND WORK EXPERIENCE.

A. Please see my Witness Qualification Statement attached as Exhibit Staff/101, Yamada/1.

Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?

A. The purpose of my testimony is to describe and support the stipulation agreed to by the Parties in Docket UW 163 (the Stipulation).

Q. WHO ARE THE PARTIES TO THE STIPULATION?

A. The Parties in Docket UW 163 are Storlie Water Company, Inc. (Storlie or Company), appearing by and through its President, Terry Storlie; and Staff, appearing by and through its attorney, Jason W. Jones.

Q. DID THE PARTIES REACH A SETTLEMENT IN UW 163?

A. Yes. The Parties reached a settlement of all issues in the case. The Stipulation is discussed in Issue 6 of this testimony.

Q. DID YOU PREPARE ANY EXHIBITS FOR THIS DOCKET?

A. Yes. I prepared Exhibit Staff/101, consisting of one page, and Exhibit Staff/102, consisting of 14 pages.

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

2 A. My testimony is organized as follows:

3 Issue 1 --- Staff’s Summary Recommendation 2

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14 Exhibit 101 --- Witness Qualification Statement Yamada/1

15 Exhibit 102 --- Revenue Requirement Yamada/1

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17 Exhibit 102 --- Cost of Capital Yamada/3

18 Exhibit 102 --- Summary of Revenues by Source Yamada/4

19 Exhibit 102 --- Residential Rate Design & Impact Yamada/5

20 Exhibit 102 --- Irrigation Rate Design & Impact Yamada/8

21 Exhibit 102 --- Domestic Plant..... Yamada/11

22 Exhibit 102 --- Irrigation Plant..... Yamada/13

23 **ISSUE 1: STAFF’S SUMMARY RECOMMENDATION**

24 **Q. BRIEFLY SUMMARIZE YOUR RECOMMENDATION.**

25 A. Staff recommends that the Commission adopt the Stipulation agreed to by the

26 Parties in Docket UW 163. The Parties stipulated to a revenue requirement of

27 \$28,932, which results in an increase of 36.7 percent, or \$7,766, above 2014

28 test year revenues as reported on the Company’s rate case application. The

29 Parties also stipulated to a 10 percent rate of return on a rate base of \$13,133.

30 The table below shows test year revenue as filed in Storlie’s application for a

1 general rate increase, the Company's proposed revenue, and the stipulated
2 revenue requirement.

3 **Table 1 – Revenue Requirement Details**

	Storlie Test Year As Filed	Storlie Proposed	Stipulated Amounts
Revenues	\$21,166	\$29,851	\$28,932

4 **ISSUE 2: STORLIE'S DESCRIPTION AND REGULATORY HISTORY**

5 **Q. PLEASE DESCRIBE STORLIE WATER COMPANY, INC.**

6 A. Storlie is a small investor-owned water company located in Bend, Oregon. The
7 Company currently provides water service to 17 customers, nearly all of whom
8 receive both residential and irrigation water service. According to Storlie, the
9 utility was originally constructed in 1975 and began providing service in 1977.

10 **Q. PLEASE DESCRIBE STORLIE'S REGULATORY HISTORY.**

11 A. Although Storlie began providing service in 1977, it did not become rate-
12 regulated until March of 2015. Pursuant to ORS 757.061, if a water utility
13 serving fewer than 500 customers proposes to charge a rate for water service
14 that exceeds the thresholds established in OAR 860-036-0030, customers may
15 petition the Commission to impose rate regulation on the utility. The
16 Commission must receive petitions from at least 20 percent of customers in
17 order to bring the utility under rate regulation. Storlie notified customers on
18 January 15, 2015, of plans to increase rates above the established threshold,
19 and the Commission received sufficient petitions requesting rate regulation by
20 March 2, 2015. Storlie became rate regulated on March 17, 2015, with
21 Order No. 15-082 in Docket WJ 32.

1 **Q. PLEASE DESCRIBE HOW STORLIE CURRENTLY PROVIDES**
2 **RESIDENTIAL AND IRRIGATION WATER TO CUSTOMERS.**

3 A. Residential water is pumped from the Company's domestic well. Irrigation
4 water is purchased from Central Oregon Irrigation District (COID) and is
5 available to customers from April through October annually. COID charges the
6 Company an annual base fee for irrigation water as well as various other
7 annual fees that apply for each of Storlie's irrigation customers. Storlie collects
8 these fees from customers annually in addition to charging a year-round
9 monthly rate for the pumping of irrigation water. Residential water is metered,
10 and customers pay a flat base rate each month as well as a variable rate for
11 each 100 cubic feet (cf) of water used. Storlie reads meters only twice per year
12 and charges residential customers monthly based on average consumption.
13 Following meter readings, residential bills are adjusted to reflect actual
14 consumption over the previous six-month period.

15 **ISSUE 3: STORLIE'S APPLICATION FOR A GENERAL RATE INCREASE**

16 **Q. PLEASE DESCRIBE STORLIE'S APPLICATION FOR A GENERAL RATE**
17 **INCREASE.**

18 A. Storlie filed an application for a general rate increase on May 14, 2015, using a
19 2014 historical test-year period. The Company proposed an overall increase of
20 41.0 percent, or \$8,684, over test period revenues of \$21,166, resulting in a
21 proposed annual revenue requirement of \$29,850. The Company proposed a
22 total rate base of \$12,938 with a 10 percent rate of return.

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

3 A. Storlie stated in its application for a general rate increase that it is seeking the
4 change in rates because current revenue is not sufficient to cover the
5 Company's operating expenses.

6 **Q. WHAT ARE STORLIE'S CURRENT AND PROPOSED RATES?**

7 A. Storlie currently charges monthly rates for both residential and irrigation water
8 as well as certain annual fees. Current monthly rates for residential service
9 consist of a \$27 base rate and a variable rate of \$0.95 per 100 cf of water used.
10 The Company proposes to increase the residential base rate to \$46.37 and to
11 increase the residential variable rate to \$1.50 per 100 cf. Residential
12 customers are also charged a \$50 backflow testing fee each October, which the
13 Company proposes to increase to \$60. Irrigation water is not metered, and
14 customers pay a flat monthly rate of either \$38 or \$75 depending on property
15 size. The Company proposes to increase these rates to \$50.50 and \$102,
16 respectively. Storlie currently charges an annual irrigation base fee of \$250
17 and an annual irrigation Operations and Maintenance (O&M) fee of \$49 every
18 February. The Company proposes to increase these fees to \$285 and \$62,
19 respectively. Table 2 shows the Company's current rates for residential and
20 irrigation service as well as Storlie's proposed rates as stated in its rate case
21 application.

1 **Table 2 – Current and Proposed Rates**

TYPE OF CHARGE	CURRENT RATE	PROPOSED RATE	INCREASE (\$)	INCREASE (%)
RESIDENTIAL BASE RATE	\$27.00	\$46.37	\$19.37	71.7%
RESIDENTIAL VARIABLE RATE (Per 100 cf)	\$0.95	\$1.50	\$0.55	57.9%
RESIDENTIAL ANNUAL BACKFLOW FEE	\$50.00	\$60.00	\$10.00	20.0%
MONTHLY IRRIGATION - STANDARD	\$38.00	\$50.50	\$12.50	32.9%
MONTHLY IRRIGATION - OTHER	\$75.00	\$102.00	\$27.00	36.0%
ANNUAL IRRIGATION BASE FEE	\$250.00	\$285.00	\$35.00	14.0%
ANNUAL IRRIGATION O&M FEE	\$49.00	\$62.00	\$13.00	26.5%

2 **Q. DID THE COMPANY REQUEST ANY OTHER TARIFF CHANGES?**

3 A. Yes. Storlie's application proposed to set the Company's Late Payment Charge at
4 a flat rate of \$10.00 per late payment, and the Company included a request for a
5 waiver of OAR 860-036-0130 with its application. OAR 860-036-0130 requires
6 rate-regulated water utilities to use a Commission-determined rate for assessing a
7 charge on overdue balances. The current Commission-determined rate is 1.8
8 percent per month.

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

11 A. Since Storlie filed its application on May 14, 2015, the following procedural
12 actions have taken place:

- 13 1. The proposed rates were suspended by the Commission for nine months
14 with Order No. 15-150 on May 18, 2015.
- 15 2. A Public Comment Meeting and Prehearing Conference were held on
16 July 9, 2015, in Bend, Oregon. Two customers attended.

1 3. A Settlement Conference was held at the Downtown Bend Library in Bend,
2 Oregon, on September 17, 2015. No customers attended.

3 4. No petitions to intervene were filed in this docket.

4 **ISSUE 4: STAFF'S ANALYSIS OF STORLIE'S APPLICATION**
5 **AND STAFF ADJUSTMENTS**

6 **Q. PLEASE SUMMARIZE THE RESULTS OF STAFF'S ANALYSIS OF**
7 **STORLIE'S APPLICATION FOR A GENERAL RATE REVISION.**

8 A. My analysis of Storlie's application determined a revenue requirement of
9 \$28,932, which results in an increase of \$7,766, or 36.7 percent, above test
10 year revenues as reported on the Company's rate case application, and a
11 10 percent rate of return on a rate base of \$13,133.

12 **Q. WHAT ISSUES DID STAFF INVESTIGATE?**

13 A. Staff's investigation and analysis of Storlie's application for a general rate
14 increase included a comprehensive examination of the Company's revenues,
15 expenses, proposed adjustments, rate spread and design, rate base, capital
16 investments, quality of service, and customer concerns.

17 **Q. DID ANY CUSTOMERS VOICE CONCERNS REGARDING STORLIE'S**
18 **PROPOSED RATE INCREASE?**

19 A. Yes. One customer voiced general concerns regarding the proposed
20 41 percent rate increase as well as service problems that the customer
21 experienced. Staff explained the ratemaking process to help the customer
22 better understand how an increase in operating expenses could potentially be
23 reflected in rates. The customer's service complaints were primarily related to

1 the chlorination of the residential water, which was necessary following a
2 positive coliform test in August of 2015. The customer did not feel that
3 appropriate notice was given prior to the chlorination of the water. Staff has
4 discussed the matter with the Company, which states that it will attempt to mail
5 written notices more quickly prior to service-affecting events in the future.
6 Coliform has been eliminated from the system and the water quality has
7 returned to its usual state.

8 **Q. PLEASE DISCUSS STAFF'S REVIEW OF STORLIE'S EXPENSES.**

9 A. Staff performed a detailed review of Storlie's test year operating expenses as
10 well as Storlie's proposed adjustments to those expenses, examining each item
11 for prudence and reasonableness. Staff verified expenses by obtaining
12 documentation for each expense through data requests and follow-up
13 discussions with the Company. Documentation was in the form of receipts,
14 invoices, bank statements, checks, and emails from relevant vendors.
15 Undocumented and one-time test year expenses were not included in the
16 Company's forward-looking revenue requirement. Staff also moved expenses
17 into more appropriate accounts where necessary.

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

19 A. This is Storlie's first PUC rate case and the Company has not increased rates
20 since March of 2003. The increase is largely being driven by a general
21 increase in costs over the last 12 years. Additionally, the Company's labor
22 costs have increased by \$2,900 compared to the 2014 test year.

1 **Q. PLEASE DESCRIBE YOUR MAJOR ADJUSTMENTS TO STORLIE'S**
2 **PROPOSED EXPENSES.**

3 A. All of Staff's adjustments to the Company's proposed expenses are shown in the
4 Adjustment Summary, Staff/102, Yamada/2. Significant adjustments are shown
5 in Table 3 and discussed below.

6 **Table 3 – Major Expense Adjustment Summary**

Account	Storlie Test Year	Storlie Proposed	Staff Adjustments	Staff Proposed
Telephone/Communications	\$434	\$434	\$441	\$875
O&M Materials/Supplies	\$818	\$1,000	(\$657)	\$343
Contract Svcs – Accounting	\$3,525	\$5,225	(\$4,565)	\$660
Contract Svcs – Billing and Collection	\$8,225	\$9,600	(\$9,600)	\$0
Contract Svcs – Labor	\$50	\$50	13,750	\$13,800

7 **Telephone/Communications**

8 Staff's \$441 upward adjustment to this account primarily consists of internet
9 access subscription expenses that were moved from the Computer/Electronic
10 account to this account. Storlie's test year Telephone/Communications expense
11 was \$434, which the Company proposed to make no changes to. Staff increased
12 this account to \$875, which includes a \$600 upward adjustment attributable to
13 the movement of internet expenses as well as a downward adjustment of \$159.
14 The downward adjustment is attributable to the disallowance of the portion of
15 CenturyLink and Verizon Wireless telephone expenses that are not related to
16 water utility operations. Fifty percent of the CenturyLink expenses and

1 33 percent of the Verizon Wireless expenses are included in the stipulated
2 revenue requirement.

3 **O&M Materials/Supplies**

4 The Company proposed to increase this account to \$1,000 from the reported test
5 year amount of \$818. However, the Company was able to provide
6 documentation for only \$737 in test year expenses for this account, which Staff
7 further reduced to \$343. The decrease is attributable to the movement of \$239 in
8 online bookkeeping expenses to the Computer/Electronic account, the movement
9 of \$104 in gasoline costs to the Transportation account, and the disallowance of
10 \$51 in banking expenses for which the Company was unable to provide
11 adequate documentation. Staff's proposed expense of \$343 represents a \$657
12 reduction to the Company's proposal of \$1,000.

13 **Contract Services – Accounting**

14 Storlie's test year expense in this category was \$3,525, which the Company
15 proposed to increase to \$5,225. The Company's proposal included a \$1,700
16 increase in Jean Storlie's labor costs, from \$3,100 in the test year to \$4,800.
17 Because Jean Storlie's duties are not primarily accounting-related, Staff moved
18 all \$4,800 of her proposed labor costs out of the Contract Services – Accounting
19 account, which is the primary driver of the adjustment to this account. \$4,200 of
20 Jean Storlie's proposed labor cost was moved to the Contract Services – Labor
21 account; the remaining \$600 was disallowed and not included in the stipulated
22 revenue requirement. In addition to the \$4,800 downward adjustment
23 attributable to Jean Storlie's labor costs, Staff also removed \$75 in accounting
24 expenses which Staff does not believe will recur annually. Finally, Staff made a

1 \$310 upward adjustment to this account, which is attributable to the movement of
2 tax preparation expenses into this account from the Contract Services – Legal
3 account. Staff’s adjustments reduce the Company’s \$5,225 proposal by a net
4 amount of \$4,565, resulting in a total of \$660 in this account.

5 **Contract Services – Billing & Collection**

6 Storlie’s test year expense in this category was \$8,225, consisting of \$7,800 in
7 Terry Storlie’s labor costs as well as \$425 in other miscellaneous costs. The
8 Company’s proposal of \$9,600 for this account includes an \$1,800 increase to
9 Terry Storlie’s labor costs but does not include the \$425 in miscellaneous test
10 year costs. Although the \$1,800 increase was allowed, Staff moved all \$9,600 of
11 Terry Storlie’s labor costs out of this account and into the Contract Services –
12 Labor account, which Staff believes to be a more appropriate location for these
13 costs based on the nature of Terry Storlie’s work. The movement of these
14 expenses reduces the Billing & Collection account to \$0. The determination of
15 Terry Storlie’s labor costs is further discussed below.

16 **Contract Services – Labor**

17 Storlie’s test year expense in this category was \$50, which the Company
18 proposed to make no changes to. However, Staff increased this account to
19 \$13,800, which represents an increase of \$13,750 above the Company’s
20 proposal. This increase primarily results from the movement of \$10,900 in Jean
21 Storlie’s and Terry Storlie’s labor expenses out of the Contract Services –
22 Accounting and Contract Services – Billing and Collection accounts and into the
23 Contract Services – Labor account, as discussed previously. These expenses
24 were also increased compared to test year amounts, resulting in an additional

1 \$2,900 increase to this account. Specific increases to these labor costs are
2 discussed below.

3 **Jean Storlie**

4 Jean Storlie's test year labor costs of \$3,100 were moved to the Contract
5 Services – Labor account from Contract Services – Accounting. Additionally,
6 Jean Storlie's labor costs were increased to \$4,200 annually, or \$350 per month,
7 which represents a total increase of \$1,100 above the test year amount.

8 **Terry Storlie**

9 Terry Storlie's test year labor costs of \$7,800 were moved to the Contract
10 Services – Labor account from the Contract Services – Billing & Collection
11 account. Additionally, Terry Storlie's labor costs were increased to \$9,600 per
12 year, or \$800 per month, which represents a total increase of \$1,800 above the
13 test year amount.

14 **Q. HOW DID STAFF DETERMINE APPROPRIATE COMPENSATION LEVELS**
15 **FOR JEAN AND TERRY STORLIE?**

16 A. Staff allowed or disallowed pay increases for Jean Storlie and Terry Storlie based
17 on information obtained from the Bureau of Labor Statistics and the Department
18 of Labor websites. In response to Staff's data requests, the Company stated that
19 Jean Storlie performs 20 hours of work per month. The Company's proposal to
20 increase Jean Storlie's compensation to \$400 per month would result in an
21 hourly rate of \$20. However, Staff's research showed that jobs with comparable
22 duties in the Water & Wastewater Utility industry in the Bend, Oregon area pay
23 approximately \$17.50 per hour, resulting in a monthly rate for Jean Storlie of
24 \$350 at 20 hours per month. Furthermore, the Company stated that Terry Storlie

1 performs 44 hours of work per month, and the Company's proposal to increase
2 Terry Storlie's compensation to \$800 per month would result in an hourly rate of
3 approximately \$18.18. Based on Staff's research, this rate was low for jobs with
4 comparable duties in the Water & Wastewater Utility industry in the Bend,
5 Oregon area, and so the Company's proposed increase to Terry Storlie's
6 compensation was allowed.

7 **Q. DID STAFF MAKE ANY ADJUSTMENTS TO STORLIE'S UTILITY PLANT?**

8 A. Yes. In its application for a general rate increase, the Company proposed total
9 plant of \$33,873 and accumulated depreciation of \$23,229. Following the
10 submission of its application for a general rate increase, Storlie completed
11 additional work on its domestic water cistern in the spring of 2015. These costs
12 were capitalized and added to plant, resulting in total plant of \$34,485. Staff
13 also updated and corrected Storlie's depreciation schedule, resulting in
14 accumulated depreciation of \$23,556 and a net plant of \$10,929. Storlie's plant
15 and depreciation schedules are included as Staff/102, Yamada/11-14.

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

17 A. Staff proposes a 10 percent rate of return in UW 163, which results in an
18 annual net income of \$1,313. The Company has no debt.

19 **Q. WHAT DO YOU PROPOSE REGARDING STORLIE'S REQUEST FOR A
20 WAIVER OF THE LATE PAYMENT CHARGE RULE?**

21 A. Staff proposes that Storlie's request for a waiver of OAR 860-036-0130 be
22 denied. The Company's primary reason for requesting a flat late payment
23 charge of \$10 was to encourage customers to pay bills on time, and the
24 Company was unable to demonstrate a cost basis for requiring a \$10 late

1 payment charge. Furthermore, OAR 860-036-0245 gives the Company the
2 ability to disconnect customers for nonpayment, and OAR 860-036-0240 gives
3 the Company the ability to assess a fee for reconnection. Staff believes that
4 the applicable disconnection/reconnection rules provide adequate incentives for
5 customers to make payments on time and that a flat \$10 late payment charge is
6 unnecessary.

7 **ISSUE 5, RATES, RATE SPREAD, AND RATE DESIGN**

8 **Q. WHAT RATES DO YOU PROPOSE IN UW 163?**

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

10 **Table 4 – Storlie and Staff Proposed Rates**

TYPE OF CHARGE	STORLIE'S PROPOSED RATE	STAFF'S PROPOSED RATE	INCREASE (\$)	INCREASE (%)
RESIDENTIAL BASE RATE	\$46.37	\$41.38	(\$4.99)	-10.8%
RESIDENTIAL VARIABLE RATE (Per 100 cf)	\$1.50	\$3.00	\$1.50	100.0%
RESIDENTIAL ANNUAL BACKFLOW FEE	\$60.00	\$15.00	(\$45.00)	-75.0%
MONTHLY IRRIGATION - STANDARD	\$50.50	\$50.08	(\$0.42)	-0.8%
MONTHLY IRRIGATION - OTHER	\$102.00	\$50.08	(\$51.92)	-50.9%
MONTHLY IRRIGATION VARIABLE RATE (Per acre)	N/A	\$12.47	\$12.47	N/A
ANNUAL IRRIGATION BASE FEE	\$285.00	\$115.63	(\$169.37)	-59.4%
ANNUAL IRRIGATION O&M FEE (1 acre or less)	\$62.00	\$23.00	(\$39.00)	-62.9%
ANNUAL IRRIGATION O&M FEE (Between 1 and 2 acres)	\$62.00	\$46.00	(\$16.00)	-25.8%
ANNUAL IRRIGATION O&M FEE (More than 2 acres)	\$62.00	\$92.00	\$30.00	48.4%
ANNUAL IRRIGATION HABITAT FEE	N/A	\$25.00	\$25.00	N/A

1 **Q. PLEASE EXPLAIN HOW THE PROPOSED REVENUE REQUIREMENT**
2 **WAS ALLOCATED BETWEEN RESIDENTIAL AND IRRIGATION**
3 **SERVICES.**

4 A. A total of \$12,277 (43 percent of the total revenue requirement) is allocated to
5 residential water and \$16,455 (57 percent of the total revenue requirement) is
6 allocated to irrigation water. During the Company's test year, Storlie collected
7 \$8,642 (approximately 40 percent of total revenues) from residential customers
8 and \$12,524 (approximately 60 percent of total revenues) from irrigation
9 customers. However, based on an analysis of each of Storlie's expense
10 accounts, Staff determined that approximately 48 percent of Storlie's total costs
11 are attributable to the distribution of residential water, while approximately 52
12 percent of costs are attributable to the acquisition and distribution of irrigation
13 water. If the \$28,932 stipulated revenue requirement were to be allocated
14 consistently with the distribution of costs (a 48/52 residential/irrigation split), the
15 Company would need to collect \$13,899 from residential customers and
16 \$15,033 from irrigation customers, which would represent an overall increase of
17 61 percent for residential customers and 20 percent for irrigation customers. In
18 order to reduce rate shock to residential customers, Staff used a 43/57
19 domestic/irrigation allocation instead of the ideal 48/52 domestic/irrigation
20 allocation, which resulted in a 51 percent overall residential increase and a
21 27 percent overall irrigation increase. In future rate cases, further progress
22 should be made toward allocating the revenue requirement consistently with
23 the distribution of costs.

1 **Q. DO THE REVENUES ALLOCATED TO RESIDENTIAL AND IRRIGATION**
2 **WATER INCLUDE THE RELEVANT ANNUAL FEES?**

3 A. Yes. Of the \$16,455 irrigation revenue requirement, \$3,009 will be collected
4 through annual fees and the remaining \$13,446 will be collected through monthly
5 irrigation bills. Of the \$12,277 residential revenue requirement, \$270 will be
6 collected through annual backflow testing fees and the remaining \$12,007 will be
7 collected through monthly bills.

8 **Q. PLEASE DESCRIBE THE PROPOSED CHANGES TO ANNUAL FEES.**

9 A. In order to minimize customer confusion regarding high annual fees and better
10 align revenues with their associated costs, annual fees are being reduced to
11 reflect actual costs that are billed to the Company. COID charges Storlie a base
12 fee of \$1,850 annually for irrigation water, which has been divided evenly among
13 irrigation customers, resulting in an annual base fee of \$115.63 per customer.
14 Additionally, COID charges Storlie an annual Operations and Maintenance fee of
15 \$23, \$46, or \$92 per customer depending on the individual customer's acreage.
16 Customers will now be billed the exact amount charged to the Company by COID
17 for their individual lots. Finally, each irrigation customer will also be billed for the
18 new \$25 annual "Habitat Fee" which COID implemented beginning in 2015. The
19 only annual fee that customers pay for residential service is the annual Backflow
20 Testing Fee, which is being reduced to the actual cost of \$15 from the current
21 rate of \$50.

1 **Q. HOW DO THE CHANGES TO ANNUAL FEES AFFECT MONTHLY**
2 **RATES?**

3 A. The overall reduction to annual fees requires a larger percentage of total revenue
4 to be collected through monthly bills than has been previously collected.
5 Currently, the Company collects \$5,634 (approximately 27 percent of total
6 revenue) through annual fees. However, with the proposed reduction to annual
7 fees, the Company will collect only \$3,279 (approximately 11 percent of the
8 stipulated revenue requirement) through annual fees, requiring the remaining
9 \$25,653 of the revenue requirement to be distributed across monthly bills for both
10 residential and irrigation water. This, combined with the slight shifting of
11 revenues from irrigation to residential water discussed previously, is a major
12 factor in the proposed increase to monthly bills.

13 **Q. PLEASE DESCRIBE HOW YOU SPLIT THE REVENUE BETWEEN THE**
14 **BASE RATES AND THE COMMODITY RATES.**

15 A. Staff's analysis of Storlie's costs for both residential and irrigation water
16 indicated that approximately 72 percent of costs are fixed and approximately
17 28 percent are variable. This ideal 72/28 split between fixed/variable costs was
18 used to allocate revenues to be collected through monthly irrigation bills, which
19 consist of a fixed base fee plus an additional rate that is charged per acre of
20 irrigated land. An annual total of \$9,615 in revenue is allocated to irrigation
21 base rates, while \$3,832 is allocated to irrigation per-acre rates. However, for
22 residential monthly bills, Staff allocated 75 percent of revenues to the base rate
23 and only 25 percent to the variable rate in order to keep the residential variable
24 rate at \$3.00 per 100 cf. This slight change was made primarily to help reduce

1 rate shock for residential customers as the Company currently charges a
2 variable rate of only \$0.95 per 100 cf. An annual total of \$8,938 in revenue is
3 allocated to residential base rates, while \$3,069 is allocated to residential
4 variable rates.

5 **Q. DOES STAFF PROPOSE ANY CHANGES TO THE COMPANY'S**
6 **CURRENT METER READING SCHEDULE?**

7 A. No. Storlie should continue reading meters only twice per year and adjusting
8 monthly bills based on customers' actual consumption. OAR 860-036-0120
9 states that "all service meters shall, as nearly as possible, be read at monthly
10 intervals on the corresponding day of each meter reading period." However, the
11 rule also states that "[m]eters may be read at other than monthly intervals if the
12 Commission is given notice and does not object to the water utility's meter
13 reading proposal." Monthly meter readings would require Storlie to hire an
14 outside contractor to perform the readings. Based on an estimate obtained by
15 the Company from a local contractor, this would add an additional \$1,221 to the
16 overall revenue requirement. In order to avoid these additional costs, Terry
17 Storlie has agreed to perform the April meter reading himself; the October
18 reading will be performed by the backflow testing contractor at the same time that
19 backflow testing is performed.

20 **ISSUE 6: THE STIPULATION**

21 **Q. DID ALL PARTIES AGREE TO AND SUPPORT THE STIPULATION IN**
22 **RESOLUTION OF ALL ISSUES?**

23 A. Yes. No changes were made to Staff's recommendation.

1 **Q. WHAT REVENUE REQUIREMENT DID ALL PARTIES AGREE TO AND**
2 **SUPPORT IN THE STIPULATION?**

3 A. The Parties agreed to and support a revenue requirement of \$28,932.

4 **Q. DID THE PARTIES AGREE TO AND SUPPORT THE RATES IN THE**
5 **STIPULATION?**

6 A. Yes. The Parties agreed to and support the rates as shown in the Stipulation
7 and in this testimony. The stipulated rates are shown below in Table 5 –
8 Stipulated Rates. The Parties agreed to support the rates being effective for
9 service rendered on and after January 1, 2016.

10 **Table 5 – Stipulated Rates**

MONTHLY RATES		
CUSTOMER CLASS	RATE	STAFF'S PROPOSED RATE
RESIDENTIAL	BASE RATE	\$41.38
RESIDENTIAL	VARIABLE RATE (Per 100 cf)	\$3.00
IRRIGATION	BASE RATE	\$50.08
IRRIGATION	VARIABLE RATE (Per acre)	\$12.47
ANNUAL FEES		
CUSTOMER CLASS	FEE	STAFF'S PROPOSED RATE
RESIDENTIAL	ANNUAL BACKFLOW FEE	\$15.00
IRRIGATION	ANNUAL IRRIGATION BASE FEE	\$115.63
IRRIGATION	ANNUAL O&M FEE (1 acre or less)	\$23.00
IRRIGATION	ANNUAL O&M FEE (Between 1 and 2 acres)	\$46.00
IRRIGATION	ANNUAL O&M FEE (More than 2 acres)	\$92.00
IRRIGATION	ANNUAL HABITAT FEE	\$25.00

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

2 A. Yes.

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

4 A. Staff recommends the Commission receive the Stipulation into the UW 163
5 record and adopt the Stipulation in its entirety.

6 **Q. DOES THIS CONCLUDE YOUR TESTIMONY?**

7 A. Yes.

CASE: UW 163
WITNESS: STEPHANIE YAMADA

**PUBLIC UTILITY COMMISSION
OF
OREGON**

STAFF EXHIBIT 101

Witness Qualification Statement

November 25, 2015

Staff/101
Yamada/1

WITNESS QUALIFICATION STATEMENT

NAME: Stephanie Yamada

EMPLOYER: Public Utility Commission of Oregon

TITLE: Utility Analyst, Telecommunications and Water Division.

ADDRESS: 201 High St SE, Suite 100, Salem, OR, 97301

EDUCATION: Bachelor of Science, Accounting, University of Oregon

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

CASE: UW 163
WITNESS: STEPHANIE YAMADA

**PUBLIC UTILITY COMMISSION
OF
OREGON**

STAFF EXHIBIT 102

Exhibits in Support of Testimony

November 25, 2015

Storlie Water Company
Docket # UW 163
Test Year: 2014

Company Proposed Increase:	41%
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Staff Proposed Increase:	37%
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Revenue Requirement

Acct No.		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	Staff Adjustments	Adjusted Results	Revenue Adjustments	Total PUC Adjustments	PUC Proposed Results	C+G=H
	REVENUES								
460	Unmetered Water Sales	\$ 5,184	\$ 3,719	\$ 8,903	\$ -	\$ 8,903	\$ (8,903)	\$ -	\$ -
461.1	Residential Water Sales	\$ 2,608	\$ 1,513	\$ 4,121	\$ -	\$ 4,121	\$ 7,886	\$ 7,886	\$ 12,007
461.2	Commercial Water Sales	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
462	Fire Protection	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
464	Water Sales to Public Authorities	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
466	Sales for Resale	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
465	Irrigation	\$ 8,524	\$ 2,782	\$ 11,306	\$ -	\$ 11,306	\$ 5,149	\$ 5,149	\$ 16,455
467	Golf Course	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
468	Special Contracts	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
471	Miscellaneous Revenues	\$ 4,000	\$ 560	\$ 4,560	\$ -	\$ 4,560	\$ (4,360)	\$ (4,360)	\$ 200
472	Cell Tower/Rent from Util. Property	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
475	Cross Connection Control Revenue	\$ 850	\$ 110	\$ 960	\$ -	\$ 960	\$ (690)	\$ (690)	\$ 270
0		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	TOTAL REVENUE	\$ 21,166	\$ 8,684	\$ 29,850	\$ -	\$ 29,850	\$ (918)	\$ (918)	\$ 28,932
	OPERATING EXPENSES								
601	Salaries and Wages - Employees	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
603	Salaries and Wages - Officers	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
604	Employee Pension & Benefits	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
610	Purchased Water (C/OID)	\$ 2,732	\$ 73	\$ 2,805	\$ 252	\$ 3,057	\$ 252	\$ 3,057	\$ 3,057
611	Telephone/Communications	\$ 434	\$ -	\$ 434	\$ 441	\$ 875	\$ 441	\$ 875	\$ 875
615	Purchased Power	\$ 3,412	\$ -	\$ 3,412	\$ (103)	\$ 3,309	\$ (103)	\$ 3,309	\$ 3,309
616	Fuel for Power Production	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
617	Other Utilities	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
618	Chemical / Treatment Expense	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
619	Office Supplies	\$ 350	\$ -	\$ 350	\$ (150)	\$ 200	\$ (150)	\$ 200	\$ 200
619.1	Postage	\$ 120	\$ -	\$ 120	\$ 21	\$ 141	\$ 21	\$ 141	\$ 141
620	O&M Materials/Supplies	\$ 818	\$ 182	\$ 1,000	\$ (657)	\$ 343	\$ (657)	\$ 343	\$ 343
621	Repairs to Water Plant	\$ 266	\$ -	\$ 266	\$ (26)	\$ 240	\$ (26)	\$ 240	\$ 240
631	Contract Svcs - Engineering	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
632	Contract Svcs - Accounting	\$ 3,525	\$ 1,700	\$ 5,225	\$ (4,565)	\$ 660	\$ (4,565)	\$ 660	\$ 660
633	Contract Svcs - Legal	\$ 310	\$ -	\$ 310	\$ (310)	\$ -	\$ (310)	\$ -	\$ -
634	Contract Svcs - Management Fees	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
635	Contract Svcs - Testing	\$ 2,540	\$ (1,265)	\$ 1,275	\$ -	\$ 1,275	\$ -	\$ 1,275	\$ 1,275
636	Contract Svcs - Labor	\$ 50	\$ -	\$ 50	\$ 13,750	\$ 13,800	\$ 13,750	\$ 13,800	\$ 13,800
637	Contract Svcs - Billing/Collection	\$ 8,225	\$ 1,375	\$ 9,600	\$ (9,600)	\$ -	\$ (9,600)	\$ -	\$ -
638	Contract Svcs - Meter Reading	\$ 300	\$ -	\$ 300	\$ (189)	\$ 111	\$ (189)	\$ 111	\$ 111
639	Contract Svcs - Other	\$ -	\$ -	\$ -	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50
641	Rental of Building/Real Property	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
642	Rental of Equipment	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
643	Small Tools	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
648	Computer/Electronic Expenses	\$ 400	\$ -	\$ 400	\$ (161)	\$ 239	\$ (161)	\$ 239	\$ 239
650	Transportation	\$ -	\$ -	\$ -	\$ 104	\$ 104	\$ 104	\$ 104	\$ 104
656	Vehicle Insurance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
657	General Liability Insurance	\$ 1,350	\$ -	\$ 1,350	\$ -	\$ 1,350	\$ -	\$ 1,350	\$ 1,350
658	Workers' Comp Insurance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
659	Insurance - Other	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
666	Amort. of Rate Case	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	Gross Revenue Fee (PUC)	\$ 51	\$ 24	\$ 75	\$ -	\$ -	\$ (2)	\$ (2)	\$ 72
670	Bad Debt Expense	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
671	Cross Connection Control Program	\$ -	\$ -	\$ -	\$ 30	\$ 30	\$ 30	\$ 30	\$ 30
673	Training and Certification	\$ 150	\$ -	\$ 150	\$ 256	\$ 406	\$ 256	\$ 406	\$ 406
674	Consumer Confidence Report	\$ 150	\$ -	\$ 150	\$ (150)	\$ -	\$ (150)	\$ -	\$ -
675	Miscellaneous Expense	\$ 260	\$ -	\$ 260	\$ (80)	\$ 180	\$ (80)	\$ 180	\$ 180
OE1	Other Expense 1	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
OE2	Other Expense 2	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
OE3	Other Expense 3	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
OE4	Other Expense 4	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
OE5	Other Expense 5	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	TOTAL OPERATING EXPENSE	\$ 25,443	\$ 2,089	\$ 27,532	\$ (1,087)	\$ 26,370	\$ (2)	\$ (1,089)	\$ 26,442
	OTHER REVENUE DEDUCTIONS								
	Depreciation Expense	\$ -	\$ 602	\$ 602	\$ 147	\$ 749	\$ 147	\$ 749	\$ 749
406	Amort of Plant Acquisition Adjustment	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
407	Amortization Expense	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
408.11	Property Tax	\$ 87	\$ -	\$ 87	\$ (0)	\$ 87	\$ (0)	\$ 87	\$ 87
408.12	Payroll Tax	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
408.13	Other	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
409.1	Federal Income Tax	\$ -	\$ 228	\$ 228	\$ -	\$ -	\$ 4	\$ 4	\$ 232
409.11	Oregon Income Tax	\$ -	\$ 108	\$ 108	\$ -	\$ -	\$ 1	\$ 1	\$ 109
409.13	Extraordinary Items Income Tax	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	TOTAL REVENUE DEDUCTIONS	\$ 25,530	\$ 3,027	\$ 28,557	\$ (940)	\$ 27,206	\$ 2	\$ (938)	\$ 27,619
	NET OPERATING INCOME	\$ (4,364)	\$ 5,657	\$ 1,293	\$ 940	\$ 2,644	\$ (920)	\$ 20	\$ 1,313
	UTILITY RATE BASE								
	Utility Plant Invested by Company	\$ -	\$ 33,873	\$ 33,873	\$ 612	\$ 34,485	\$ 612	\$ 34,485	\$ 34,485
271	+ Contributions in Aid of Construction	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	- Excess Capacity	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	Equals: Total Utility Plant	\$ -	\$ 33,873	\$ 33,873	\$ 612	\$ 34,485	\$ -	\$ 612	\$ 34,485
	- Accum. Depreciation--Invested Plant	\$ -	\$ 23,229	\$ 23,229	\$ 327	\$ 23,556	\$ 327	\$ 23,556	\$ 23,556
	- Accum. Depreciation--CIAC	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
271	- Contributions in Aid of Construction	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
281	- Accumulated Deferred Income Tax	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
272	+ Accum. Amortization of CIAC	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	Equals: Net Invested Utility Plant	\$ -	\$ 10,644	\$ 10,644	\$ 285	\$ 10,929	\$ -	\$ 285	\$ 10,929
	Plus: (working capital)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
151	Materials and Supplies Inventory	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
WrkCash	Working Cash (Total Op Exp /12)	\$ 2,120	\$ 172	\$ 2,292	\$ (88)	\$ 2,204	\$ (88)	\$ 2,204	\$ 2,204
	TOTAL RATE BASE	\$ 2,120	\$ 10,816	\$ 12,936	\$ 197	\$ 13,133	\$ -	\$ 197	\$ 13,133
	Rate of Return	-205.84%		10.00%		20.13%			10.00%

Storlie Water Company
Docket # UW 163
Test Year: 2014

Adjustment Summary

Acct No.	REVENUES	Company Proposed	PUC Adjustments	PUC Proposed Results	Reason for Adjustment
460	Unmetered Water Sales	\$ 8,903	\$ (8,903)	\$ -	Moved to Residential Water Sales
461.1	Residential Water Sales	\$ 4,121	\$ 7,886	\$ 12,007	Unmetered Water Sales was combined with Residential Water Sales
461.2	Commercial Water Sales	\$ -	\$ -	\$ -	No Adjustment
462	Fire Protection	\$ -	\$ -	\$ -	No Adjustment
464	Water Sales to Public Authorities	\$ -	\$ -	\$ -	No Adjustment
465	Irrigation	\$ 11,306	\$ 5,149	\$ 16,455	Moved annual irrigation charges from Misc. Revenues
467	Golf Course	\$ -	\$ -	\$ -	No Adjustment
466	Sales for Resale	\$ -	\$ -	\$ -	No Adjustment
468	Special Contracts	\$ -	\$ -	\$ -	No Adjustment
471	Miscellaneous Revenues	\$ 4,560	\$ (4,360)	\$ 200	Removed annual irrigation charges; combined with Irrigation (465)
472	Cell Tower/Rent from Util. Property	\$ -	\$ -	\$ -	No Adjustment
475	Cross Connection Control Revenue	\$ 960	\$ (690)	\$ 270	Reduced to actual amount charged for backflow testing
0		\$ -	\$ -	\$ -	No Adjustment
	TOTAL REVENUE	\$ 29,850	\$ (918)	\$ 28,932	
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	\$ 2,805	\$ 252	\$ 3,057	New COI environmental charge of \$25/customer
611	Telephone/Communications	\$ 434	\$ 441	\$ 875	Moved internet costs from Computer/Electronic (648)
615	Purchased Power	\$ 3,412	\$ (103)	\$ 3,309	Removed portion of the home/office power costs for non-business use
616	Fuel for Power Production	\$ -	\$ -	\$ -	No Adjustment
617	Other Utilities	\$ -	\$ -	\$ -	No Adjustment
618	Chemical / Treatment Expense	\$ -	\$ -	\$ -	No Adjustment
619	Office Supplies	\$ 350	\$ (150)	\$ 200	Moved expenses to different accounts
619.1	Postage	\$ 120	\$ 21	\$ 141	
620	O&M Materials/Supplies	\$ 1,000	\$ (657)	\$ 343	Moved online bookkeeping to Computer/Electronic
621	Repairs to Water Plant	\$ 266	\$ (26)	\$ 240	
631	Contract Svcs - Engineering	\$ -	\$ -	\$ -	No Adjustment
632	Contract Svcs - Accounting	\$ 5,225	\$ (4,565)	\$ 660	Moved Jean to Contract - Labor
633	Contract Svcs - Legal	\$ 310	\$ (310)	\$ -	Moved tax preparation expense to Accounting
634	Contract Svcs - Management Fees	\$ -	\$ -	\$ -	No Adjustment
635	Contract Svcs - Testing	\$ 1,275	\$ -	\$ 1,275	No Adjustment
636	Contract Svcs - Labor	\$ 50	\$ 13,750	\$ 13,800	Moved from other accounts; \$1800 pay increase for Terry; brought Jeant to \$350/month
637	Contract Svcs - Billing/Collection	\$ 9,600	\$ (9,600)	\$ -	Moved Terry's work to Contract - Labor
638	Contract Svcs - Meter Reading	\$ 300	\$ (189)	\$ 111	Only 1 paid reading per year; Terry will read meters himself in April.
639	Contract Svcs - Other	\$ -	\$ 50	\$ 50	Moved from Contract - Labor
641	Rental of Building/Real Property	\$ -	\$ -	\$ -	No Adjustment
642	Rental of Equipment	\$ -	\$ -	\$ -	No Adjustment
643	Small Tools	\$ -	\$ -	\$ -	No Adjustment
648	Computer/Electronic Expenses	\$ 400	\$ (161)	\$ 239	Moved internet to Telephone/Communications (611)
650	Transportation	\$ -	\$ 104	\$ 104	Moved gasoline expense from O&M (620)
656	Vehicle Insurance	\$ -	\$ -	\$ -	No Adjustment
657	General Liability Insurance	\$ 1,350	\$ -	\$ 1,350	No Adjustment
658	Workers' Comp Insurance	\$ -	\$ -	\$ -	No Adjustment
659	Insurance - Other	\$ -	\$ -	\$ -	No Adjustment
666	Amortz. of Rate Case	\$ -	\$ -	\$ -	No Adjustment
667	Gross Revenue Fee (PUC)	\$ 75	\$ (2)	\$ 72	Calculated adjustment
670	Bad Debt Expense	\$ -	\$ -	\$ -	No Adjustment
671	Cross Connection Control Program	\$ -	\$ 30	\$ 30	Drinking Water Services expense
673	Training and Certification	\$ 150	\$ 256	\$ 406	Gas, lodging & registration fee for OAWU conference in Hood River
674	Consumer Confidence Report	\$ 150	\$ (150)	\$ -	No documentation provided
675	Miscellaneous Expense	\$ 260	\$ (80)	\$ 180	Moved accounts
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	\$ 27,532	\$ (1,089)	\$ 26,442	
OTHER REVENUE DEDUCTIONS					
403	Depreciation Expense	\$ 602	\$ 147	\$ 749	Corrected depreciation, increased for new plant added in 2015
406	Amort of Plant Acquisition Adjustment	\$ -	\$ -	\$ -	No Adjustment
407	Amortization Expense	\$ -	\$ -	\$ -	No Adjustment
408.11	Property Tax	\$ 87	\$ (0)	\$ 87	Moved from different account
408.12	Payroll Tax	\$ -	\$ -	\$ -	No Adjustment
408.13	Other	\$ -	\$ -	\$ -	No Adjustment
409.1	Federal Income Tax	\$ 228	\$ 4	\$ 232	
409.11	Oregon Income Tax	\$ 108	\$ 1	\$ 109	
409.13	Extraordinary Items Income Tax	\$ -	\$ -	\$ -	No Adjustment
	TOTAL REVENUE DEDUCTIONS	\$ 28,557	\$ (938)	\$ 27,619	
	NET OPERATING INCOME	\$ 1,293	\$ 20	\$ 1,313	
UTILITY RATE BASE					
101	Utility Plant in Service	\$ 33,873	\$ 612	\$ 34,485	Summer 2015 cistern work
272	Amortization of CIAC	\$ -	\$ -	\$ -	No Adjustment
Less:					
108.1	Depreciation Reserve	\$ 23,229	\$ 327	\$ 23,556	Included 2015 depreciation expense
271	Contributions in Aid of Const	\$ -	\$ -	\$ -	No Adjustment
281	Accumulated Deferred Income Tax	\$ -	\$ -	\$ -	No Adjustment
	Net Utility Plant	\$ 10,644	\$ 285	\$ 10,929	
Plus: (working capital)					
151	Materials and Supplies Inventory	\$ -	\$ -	\$ -	No Adjustment
WrkCash	Working Cash (Total Op Exp /12)	\$ 2,292	\$ (88)	\$ 2,204	
	TOTAL RATE BASE	\$ 12,936	\$ 197	\$ 13,133	

Storlie Water Company
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Cost of Capital

Utility Proposed Rate of Return	10.00%
Test Year Rate of Return	-205.84%
Staff Proposed Rate of Return	10.00%

Cost of Debt

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

Equity

	Equity	Original Balance	Outstanding Balance	Capital Structure	Cost	Weighted Cost
1	Total Rate Base		\$13,133	100.00%	10.00%	10.00%
2						
3						
4						
5						
6						
7						
8						
9						
10						
11						
12						
13						
14						
15						
16						
17						
TOTAL EQUITY		\$0	\$13,133			10.00%
TOTAL DEBT + EQUITY			\$13,133			10.00%

Storlie Water Company
Docket # UW 163
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Summary of Revenues by Source

Residential	Price	Customers	Months	Usage (cf)	Revenue
Monthly Base Rate	\$ 41.38	18	12		\$ 8,937.73
Monthly Variable Rate	\$ 3.00	18	12	102,317	\$ 3,069.36
Annual Backflow Testing Fee	\$ 15.00	18	1		\$ 270.00
					\$ 12,277.09

Irrigation				Acres	
Annual COI Base Payment	\$ 115.63	16	1		\$ 1,850.00
Annual COI O&M Fee - low	\$ 23.00	1	1		\$ 23.00
Annual COI O&M Fee - high	\$ 92.00	1	1		\$ 92.00
Annual COI O&M Fee - mid	\$ 46.00	14	1		\$ 644.00
Annual COI Habitat Fee	\$ 25.00	16	1		\$ 400.00
Monthly Irrigation - Base	\$ 50.08	16	12		\$ 9,614.67
Monthly Irrigation - By Acre	\$ 12.47	16	12	25.6	\$ 3,831.82
					\$ 16,455.50

Miscellaneous Revenue	\$ 200.00
TOTAL ANNUAL REVENUE	\$ 28,932.59

Storlie Water Company
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Residential Rate Design

Proposed Residential Revenues: \$12,277

Variable Rate: **25%**
Base Rate: 75%

Backflow Testing

Base Revenues \$9,208
Backflow price **\$15**
Customers 18

Monthly Bills

Variable Revenues: \$3,069
Base Revenues: \$8,938
Revenue from Monthly Bills: \$12,007

Total Backflow Revenue \$270

BASE RATE

	# of Customers	Current Monthly Base Rate	Revenue at Current Rates	Factors Used	Staff Proposed Monthly Base Rate	Staff Proposed Total Annual Revenues	% Increase
	17	\$27.00	\$5,508	1	\$41.38	\$8,441	53%
			\$0		\$0.00	\$0	0%
			\$0		\$0.00	\$0	0%
TOTAL	17		\$5,508			\$8,441	53%

COMMODITY RATE

Proposed consumption:	102,313
Divided by unit of measure:	100 cf
Equals total consumption:	1,023
Proposed Variable Revenue: \$	3,069
Divided by consumption:	1,023
Equals commodity rate: \$	3.00 per 100 cf

CONSUMPTION

	Annual Consumption (Test)	Annual Consumption per Customer	New Customers	Annual Consumption (Proposed)
	96,629	5,684	1	102,313
		-		-
TOTAL	96,629	5,684	1	102,313

RESIDENTIAL MONTHLY BILL COMPARISON

Current Company Rates				
Average Monthly Usage	Commodity Rate	Average Monthly Commodity Price	Base Rate	Total Average Monthly Bill
4.7	0.95	\$ 4.50	\$27.00	\$31.50
0		0	\$0.00	\$0.00
0		0	\$0.00	\$0.00

Proposed Company Rates				
Average Monthly Usage	Commodity Rate	Average Monthly Commodity Price	Base Rate	Total Average Monthly Bill
4.7	1.50	\$ 7.11	\$46.37	\$53.48
0		0		\$0.00
0		0		\$0.00

Proposed Staff Rates				
Average Monthly Usage	Commodity Rate	Average Monthly Commodity Price	Base Rate	Total Average Monthly Bill
4.7	\$3.00	\$ 14.21	\$41.38	\$55.59
0	\$3.00	0	\$0.00	\$0.00
0	\$3.00	0	\$0.00	\$0.00

RESIDENTIAL TOTAL ANNUAL PAYMENTS COMPARISON

	Test Year	Staff Proposed	Difference (\$)	Difference (%)
Annual Fees	\$ 50.00	\$ 15.00	\$ (35.00)	-70%
Monthly Bills	\$ 378.00	\$ 667.05	\$ 289.06	76%
TOTAL	\$ 428.00	\$ 682.05	\$ 254.06	59%

Storlie Water Company
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Residential Monthly Bill Impact

	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	Percentage Difference
	0	27	0	\$0.95	\$27.00	\$41.38	\$3.00	0	\$41.38	\$14.38	53%
	100	27	1	\$0.95	\$27.95	\$41.38	\$3.00	1	\$44.38	\$16.43	59%
	200	27	2	\$0.95	\$28.90	\$41.38	\$3.00	2	\$47.38	\$18.48	64%
	300	27	3	\$0.95	\$29.85	\$41.38	\$3.00	3	\$50.38	\$20.53	69%
	400	27	4	\$0.95	\$30.80	\$41.38	\$3.00	4	\$53.38	\$22.58	73%
Average	474	27	4.7	\$0.95	\$31.50	\$41.38	\$3.00	4.7	\$55.59	\$24.09	76%
	500	27	5	\$0.95	\$31.75	\$41.38	\$3.00	5	\$56.38	\$24.63	78%
	600	27	6	\$0.95	\$32.70	\$41.38	\$3.00	6	\$59.38	\$26.68	82%
	700	27	7	\$0.95	\$33.65	\$41.38	\$3.00	7	\$62.38	\$28.73	85%
	800	27	8	\$0.95	\$34.60	\$41.38	\$3.00	8	\$65.38	\$30.78	89%

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Irrigation Rate Design

Proposed Irrigation Revenues: \$16,455

Variable Rate: 28%
Base Rate: 72%

Annual COI Fees

		Customers
Annual Irrigation Fee	\$115.63	16
O&M - low	\$23	1
O&M - high	\$92	1
O&M - mid	\$46	14
Other COI	\$25	16
Total Annual Fee Revenue	\$3,009	

Monthly Bills

Variable Revenues: \$3,832
Base Revenues: \$9,615

Revenue from Monthly Bills: \$13,446

BASE RATE

	# of Customers	Current Monthly Base Rate	Revenue at Current Rates	Factors Used	Staff Proposed Monthly Base Rate	Staff Proposed Total Annual Revenues	% Increase
	16	\$38.00	\$7,296	1.00	\$50.08	\$9,615	32%
		\$75.00	\$0	0	\$0.00	\$0	0%
			\$0		\$0.00	\$0	0%
TOTAL	16		\$7,296			\$9,615	32%

COMMODITY RATE

Proposed Variable Revenue:	\$3,832
Divided by acreage:	25.6 acres
Equals price per acre:	\$149.68
Divided by 12 months:	12
Equals commodity rate:	\$12.47 per acre

IRRIGATION MONTHLY BILL COMPARISON

Current Company Rates				
Average Monthly Usage	Commodity Rate	Average Monthly Commodity Price	Base Rate	Total Average Monthly Bill
0	0	0	\$38.00	\$38.00
0	0	0	\$75.00	\$75.00
0	0	0	\$0.00	\$0.00

Proposed Company Rates				
Average Monthly Usage	Commodity Rate	Average Monthly Commodity Price	Base Rate	Total Average Monthly Bill
0		0	\$50.50	\$50.50
0		0	\$102.00	\$102.00
0		0		\$0.00

Proposed Staff Rates				
Average Monthly Acreage	Commodity Rate	Average Monthly Commodity Price	Base Rate	Total Average Monthly Bill
1.6	\$12.47	\$19.96	\$50.08	\$70.03
0	\$12.47	0	\$0.00	\$0.00
0	\$12.47	0	\$0.00	\$0.00

IRRIGATION TOTAL ANNUAL PAYMENTS COMPARISON

	Test Year	Staff Proposed	Difference (\$)	Difference (%)
Annual Fees	\$ 250.00	\$ 188.06	\$ (61.94)	-25%
Monthly Bills	\$ 532.75	\$ 840.41	\$ 307.66	58%
TOTAL	\$ 782.75	\$ 1,028.47	\$ 245.72	31%

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Irrigation Monthly Bill Impact

Irrigation - Previously \$38/mo

	Acres	Current Base Rate	Monthly Consumptions Customer Usage	Current Commodity Rate	Total Current Average Monthly Bill	Staff Proposed Customer Base Rate	Proposed Rate Per Acre	Acres	Total Proposed Monthly Bill	Difference	Percentage Difference
	0.20	\$ 38.00	0	\$0.00	\$38.00	\$50.08	\$12.47	0.20	\$52.57	\$14.57	38%
	0.60	\$ 38.00	0	\$0.00	\$38.00	\$50.08	\$12.47	0.60	\$57.56	\$19.56	51%
	1.00	\$ 38.00	0	\$0.00	\$38.00	\$50.08	\$12.47	1.00	\$62.55	\$24.55	65%
	1.40	\$ 38.00	0	\$0.00	\$38.00	\$50.08	\$12.47	1.40	\$67.54	\$29.54	78%
Average	1.50	\$ 38.00	0.0	\$0.00	\$38.00	\$50.08	\$12.47	1.50	\$68.79	\$30.79	81%
	1.80	\$ 38.00	0	\$0.00	\$38.00	\$50.08	\$12.47	1.80	\$72.53	\$34.53	91%
	2.20	\$ 38.00	0	\$0.00	\$38.00	\$50.08	\$12.47	2.20	\$77.52	\$39.52	104%
	2.60	\$ 38.00	0	\$0.00	\$38.00	\$50.08	\$12.47	2.60	\$82.51	\$44.51	117%
	3.00	\$ 38.00	0	\$0.00	\$38.00	\$50.08	\$12.47	3.00	\$87.50	\$49.50	130%
	3.40	\$ 38.00	0	\$0.00	\$38.00	\$50.08	\$12.47	3.40	\$92.49	\$54.49	143%

Irrigation - Previously \$75/mo

	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 Rate Per Acre	Acres	Total Proposed Monthly Bill	Difference	Percentage Difference
	1.00	\$ 75.00	0	\$0.00	\$75.00	\$50.08	\$12.47	1.00	\$62.55	(\$12.45)	-17%
	2.00	\$ 75.00	0	\$0.00	\$75.00	\$50.08	\$12.47	2.00	\$75.02	\$0.02	0%
	3.00	\$ 75.00	0	\$0.00	\$75.00	\$50.08	\$12.47	3.00	\$87.50	\$12.50	17%
Average	4.00	\$ 75.00	0	\$0.00	\$75.00	\$50.08	\$12.47	4.00	\$99.97	\$24.97	33%
	5.00	\$ 75.00	0	\$0.00	\$75.00	\$50.08	\$12.47	5.00	\$112.44	\$37.44	50%
	6.00	\$ 75.00	0	\$0.00	\$75.00	\$50.08	\$12.47	6.00	\$124.92	\$49.92	67%
	7.00	\$ 75.00	0	\$0.00	\$75.00	\$50.08	\$12.47	7.00	\$137.39	\$62.39	83%
	8.00	\$ 75.00	0	\$0.00	\$75.00	\$50.08	\$12.47	8.00	\$149.86	\$74.86	100%
	9.00	\$ 75.00	0	\$0.00	\$75.00	\$50.08	\$12.47	9.00	\$162.34	\$87.34	116%
	10.00	\$ 75.00	0	\$0.00	\$75.00	\$50.08	\$12.47	10.00	\$174.81	\$99.81	133%

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Invested Plant - Domestic

Account Description	Date Acquired	Utility Plant Orig Cost	Less Excess Capacity Adj to Plant	Total Adj Plant	NARUC Asset Life	Annual Deprec	Final Month of Deprec	Before 1985	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	Accumulated Deprec. Ending 2014	Remain Plant Beg. 2015	Deprec Expense for 2015										
																																										C	D	E	F	G	H	I	J	K	L
301 Organization				0	0	0		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0								
				0	0	0		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0							
				0	0	0		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0						
302 Franchises				0	0	0		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0						
				0	0	0		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0					
				0	0	0		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0					
303 Land and Land Rights				0	0	0		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0					
				0	0	0		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0				
				0	0	0		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0				
304 Structures and Improvements				0	0	0		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0					
Pump House - Domestic Water	Jan 1975	1,000		1,000	35	29	Jan 2010	290	29	29	29	29	29	29	29	29	29	29	29	29	29	29	29	29	29	29	29	29	29	29	29	29	29	29	29	29	29	29	29	29	29	29	29	29	29	29	29				
				0	35	0		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0			
				0	35	0		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0		
				0	35	0		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0		
305 Collecting and Impounding Reservoirs				0	50	0		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0				
				0	50	0		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0		
				0	50	0		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0		
				0	50	0		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0		
306 Lake, River and Other Intakes				0	35	0		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0			
				0	35	0		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0		
				0	35	0		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0		
				0	35	0		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0		
307 Wells and Springs				0	25	300	Dec 1999	3,000	300	300	300	300	300	300	300	300	300	300	300	300	300	300	300	300	300	300	300	300	300	300	300	300	300	300	300	300	300	300	300	300	300	300	300	300	300	300	300	300			
Wells 40 years old	Jan 1975	7,500		7,500	25	300	Dec 1999	3,000	300	300	300	300	300	300	300	300	300	300	300	300	300	300	300	300	300	300	300	300	300	300	300	300	300	300	300	300	300	300	300	300	300	300	300	300	300	300	300	300	300		
				0	25	0		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
				0	25	0		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
				0	25	0		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
308 Infiltration Galleries and Tunnels				0	25	0		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0		
				0	25	0		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
				0	25	0		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
				0	25	0		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
309 Supply Main				0	50	0		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
				0	50	0																																													

