

CASE: UW 167
WITNESS: JOAN GRINDELAND

**PUBLIC UTILITY COMMISSION
OF
OREGON**

STAFF EXHIBIT 100

Testimony in Support of Stipulation

February 17, 2017

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

3 A. My name is Joan Grindeland. I am a Utility Analyst employed in the
4 Telecommunications and Water Division of the Public Utility Commission of
5 Oregon (OPUC or Commission). My business address is 201 High Street SE,
6 Suite 100, Salem, Oregon 97301.

7 **Q. PLEASE DESCRIBE YOUR EDUCATIONAL BACKGROUND AND WORK**
8 **EXPERIENCE.**

9 A. My witness qualification statement is found in Exhibit Staff/101.

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

11 A. The purpose of my testimony is to describe and support the Stipulation entered
12 into by Commission Staff (Staff) and Angler's Cove Shady Cove Heights Water
13 Company (Angler's Cove or Company) in Docket No. UW 167, Angler's Cove's
14 request for a general rate revision.

15 **Q. WHO IS TESTIFYING IN THIS DOCKET?**

16 A. I am testifying as the Staff witness in UW 167.

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

18 A. The Parties in Docket UW 167 are Angler's Cove and Staff.

19 **Q. DID THE PARTIES REACH A SETTLEMENT IN UW 167?**

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

1 **Q. DID YOU PREPARE EXHIBITS FOR THIS DOCKET?**

2 A. Yes. I prepared Exhibit Staff/101, consisting of one page, and Exhibit
3 Staff/102, consisting of 23 pages.

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

5 A. My testimony is organized as follows:

6	Issue 1 --- Staff's Summary Recommendation.....	2
7	Issue 2 --- Angler's Cove Description and Regulatory History.....	3
8	Issue 3 --- Angler's Cove Application for a General Rate Increase	3
9	Issue 4 --- Staff's Analysis of Company Application & Staff Adjustments.....	6
10	Issue 5 --- Rates, Rate Spread, and Rate Design	10
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15	Table 4 --- Rate Comparisons.....	13
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18	Exhibit 102 --- Adjustment Summary.....	Grindeland/17
19	Exhibit 102 --- Stipulated Rates	Grindeland/18
20	Exhibit 102 --- Cost of Capital	Grindeland/19
21	Exhibit 102 --- Rate Design	Grindeland/20
22	Exhibit 102 --- Rate Comparison	Grindeland/21
23	Exhibit 102 --- Plant.....	Grindeland/22

24 **ISSUE 1. STAFF'S SUMMARY RECOMMENDATION**

25 **Q. BRIEFLY SUMMARIZE YOUR RECOMMENDATION.**

26 A. Staff recommends that the Commission adopt the Stipulation agreed to by the
27 Parties in UW 167. The Parties agreed to a revenue requirement of \$26,963
28 with rates as outlined in the Stipulation, Attachment B – Angler's Cove's tariffs,
29 and as shown in my testimony.

1 **ISSUE 2. ANGLER'S COVE DESCRIPTION AND REGULATORY HISTORY**

2 **Q. PLEASE DESCRIBE ANGLER'S COVE WATER COMPANY.**

3 A. Angler's Cove is a mutual benefit, domestic nonprofit corporation (commonly
4 referred to as a nonprofit water association) located in Shady Cove, Oregon.

5 The Company provides domestic residential water service to 39 members;
6 there are no commercial or irrigation customers.

7 **Q. PLEASE DESCRIBE ANGLER'S COVE'S REGULATORY HISTORY.**

8 A. Angler's Cove has been providing water service since 2002. The Company
9 became rate regulated in 2007. See Order No. 07-412. The Company's only
10 prior rate case, UW 126, was completed in 2008. In that case, the Commission
11 approved a 12.9 percent decrease in annual revenue requirement in Order
12 No. 08-389.

13 **ISSUE 3. ANGLER'S COVE APPLICATION FOR GENERAL RATE CASE**

14 **Q. PLEASE DESCRIBE ANGLER'S COVE'S RATE APPLICATION.**

15 Angler's Cove filed an application for a general rate increase on
16 November 2, 2016, using a January 1, 2015 to December 31, 2015 test year.
17 The Company provided notice to customers of an overall increase of \$2,340
18 over test year revenues of \$24,660, resulting in a proposed annual revenue
19 requirement of \$26,963.¹ In its filing, Angler's Cove requested an increase
20 of \$5.00 per month per customer to the base rate and no increase to the
21 commodity charge.

¹ The revenue requirement requested by the Company varies slightly throughout the Company's application (see Company filing at Brief 1 (\$27,000); Utility Testimony at 4 (\$26,963) and at 7 (\$27,213)); Staff used the \$26,963 as the requested annual revenue requirement for this case, which is the amount contained in the customer notice and used in parts of the rate application.

1 **Q. WHAT PROCEDURAL ACTIONS HAVE TAKEN PLACE IN THIS DOCKET**
 2 **SINCE ANGLER'S COVE FILED ITS APPLICATION?**

3 A. Since the Company filed its application on November 2, 2016, the following
 4 procedural actions have taken place:

- 5 1. The Commission suspended the Company's proposed tariffs for six months in
 6 Order No.16-442, entered November 17, 2016.
- 7 2. A Public Comment Meeting and Prehearing Conference was held on
 8 December 5, 2016, in Shady Cove, Oregon, with past and current Home
 9 Owner Association members in attendance. No customers or other parties
 10 petitioned to intervene.
- 11 3. The Parties agreed to a settlement conference call in lieu of an in-person
 12 settlement conference in Shady Cove due to the circumstances of the case.
 13 A settlement conference call was held on January 23, 2017, and Parties
 14 reached settlement on all issues.

15 **Q. WHAT ARE ANGLER'S COVE'S CURRENT RATES?**

16 A. Angler's Cove currently provides domestic water service only to 39 residential
 17 customers. Table 1 shows the current base rate and the commodity rates.

18 **Table 1 – Angler's Cove Current Rates**

Line or Meter Size	Residential Monthly Base	Current Monthly Commodity/Usage Rate	
3/4" or 5/8"	\$30.00	Tier 1 - \$0.005 Per Gal Tier 2 - \$0.0119 Per Gal	Up to: 4500 Gals Above: 4500 Gals

1 **Q. WHAT RATES DID ANGLER'S COVE PROPOSE IN ITS APPLICATION?**

2 A. Angler's Cove's proposed rates are reflected below in Table 2.

3 **Table 2 – Angler's Cove Proposed Rates**

Line or Meter Size	Residential Monthly Base	Proposed Monthly Commodity/Usage Rate	
3/4" or 5/8"	\$35.00	Tier 1 - \$0.005 Per Gal Tier 2 - \$0.0119 Per Gal	Up to: 4500 Gal Above: 4500 Gal

4 **Q. WHAT REASONS DID ANGLER'S COVE PROVIDE TO SUPPORT ITS**
5 **PROPOSED RATE INCREASE?**

6 A. The Company is seeking an increase to its annual revenue requirement due to
7 increases in Pacific Power rates, an increase in contract labor for Plant
8 Operations, the addition of a new account billing system, and the addition of new
9 customer meters. The decision was made during the Homeowner Association
10 Annual Meeting, held on January 13, 2016, to limit the requested increase to
11 \$5.00 per month per customer and to request that the entire increase be made to
12 the base rate.

13 **ISSUE 4. STAFF'S ANALYSIS OF THE COMPANY'S APPLICATION**

14 **AND STAFF ADJUSTMENTS**

15 **Q. PLEASE SUMMARIZE STAFF'S ANALYSIS OF ANGLER'S COVE**
16 **REQUEST FOR A GENERAL RATE REVISION.**

17 A. Staff's analysis of Angler's Cove's application resulted in a revenue
18 requirement of \$26,963, which is an annual revenue increase of \$2,340 or
19 9.13 percent above the Company's 2015 test year revenues, with a
20 zero percent rate of return on a rate base of \$56,547. Staff's analysis of the
21 Company's request for a rate increase included review of the filing, issuance of

1 data requests, discussions with the Company, and examination of the
2 Company's revenues, expenses, proposed adjustments, rate base, capital
3 improvements, capital structure, and rate spread and rate design.

4 **Q. WHAT ADJUSTMENTS DID STAFF MAKE TO ANGLER'S COVE'S TEST**
5 **PERIOD REVENUES, EXPENSES, AND INVENTORY?**

6 A. Staff made the following adjustments to the test year revenue and expenses:

7 **Corp of Engineers Contracts**

8 For accounting purposes, the Company has been recording its two U.S. Army
9 Corp of Engineer contracts for water storage and capacity behind Lost Creek
10 Dam on the Rouge River in Depreciation Expense. As the contracts are not
11 part of actual plant, Staff moved the amount of \$594 from Depreciation
12 Expense to Amortization Expense.

13 **Depreciation Expense**

14 Staff corrected the Company's Depreciation Expense from the \$2,452
15 erroneously reported in the application to reflect the Depreciation Expense
16 of \$2,205 developed in the plant schedule provided as pages 20 and 21 of
17 Exhibit Staff/102.

18 **Contracted Labor**

19 Staff moved \$12,900 for Contract Engineering to Contract Labor because these
20 costs represent the expenses of maintaining the day-to-day operations of the
21 system, rather than exclusively "engineering."

1 **System Benefit Fund**

2 Staff renamed the "Other Expense 1 Account" to "System Benefit Fund
3 Account" to clearly reflect the amount the Company is allowed to set aside,
4 pursuant to Order No. 08-389, for future repairs and capital improvements.

5 **Miscellaneous Revenues**

6 Staff removed \$250 in miscellaneous revenues, the majority of which
7 represents bank charges and returned check fees, which generally net out to
8 zero and should not be socialized across all customers.

9 **Q. PLEASE DESCRIBE STAFF'S ANALYSIS OF THE COMPANY'S**
10 **EXPENSES.**

11 A. Staff reviewed the Company's expenses and sent data requests for further
12 explanation of certain contracts and invoices. The Company's contracts
13 with the Army Corp of Engineers for water storage and capacity were
14 reviewed to determine the correct amortization costs. Staff also reviewed
15 contracts for billing and labor service. The Company provided invoices
16 requested by Staff detailing insurance cost, property taxes, water testing,
17 repairs and other miscellaneous items, which Staff reviewed. In sum, Staff
18 found that all the contracts and expenses reviewed were prudent and
19 reflected the reasonable cost of service.

20 **Q. PLEASE DESCRIBE STAFF'S ANALYSIS OF PLANT.**

21 A. In June 2015, the Company installed three meters at the cost of \$4,908.
22 Staff reviewed this investment which the Company explained was necessary
23 to install one new service and to relocate two other meters into new vaults in

1 more accessible locations. Staff agrees that the installed meters were
2 necessary improvements and prudent investments for the system.

3 **Q. PLEASE DESCRIBE THE COMPANY'S CAPITAL STRUCTURE.**

4 A. Angler's Cove's capital structure has no debt. The Company is financed
5 with 100 percent equity.

6 **Q. WHY DOES STAFF'S ANALYSIS RECOMMEND NO RETURN ON THE**
7 **ASSOCIATION'S RATE BASE?**

8 A. Staff recommends a zero percent return on rate base as Angler's Cove is a
9 mutual benefit, domestic nonprofit corporation, and has no debt in its capital
10 structure. All customers of the Company are members, and the Company is
11 owned by the membership.

12 Staff's recommendation and the agreement between the Parties is based
13 on the rationale expressed by the Commission that, unlike investor-owned water
14 companies that are allowed to earn a return on equity, "the owners [of nonprofits]
15 are not 'investors' in that they receive no return on their investment that can be
16 reclaimed. As a result, we find that the interest of the customer/owners is best
17 served by setting the return on their capital at zero . . . With no long term debt
18 and the no return on capital, the adopted rate of return is zero."² Additionally, in
19 the Company's previous rate case, UW 126, the Commission approved a zero
20 percent return on rate base due to the Company's nonprofit status with no debt.³

² *In the Matter of Crooked River Ranch Water Company Request for Rate Increase*, Docket No. UW 120, Order No. 07-527 at 1 (November 29, 2007).

³ *In the Matter of Anglers Cove/Shady Cove Heights Water Company Request for Rate Increase*, Docket No. UW 126, Order No. 08-389 at 2 (July 31, 2008).

1 **Q. HOW DOES A NON-PROFIT ASSOCIATION RAISE CAPITAL FOR REPAIRS**
2 **AND IMPROVEMENTS WITH NO RATE OF RETURN?**

3 A. Other means of raising capital should be allowed for nonprofit water systems in
4 order to generate reserve funds to prepare for the cost of major repairs and
5 provide for capital expenditures. Staff's position is that small water systems,
6 whether for profit or nonprofit, should have a means of obtaining capital due to
7 the capital intensive nature of the infrastructure. This need is addressed by the
8 creation of a System Benefit Fund.⁴

9 **Q. DOES STAFF RECOMMEND CONTINUATION OF THE COMPANY'S SYSTEM**
10 **BENEFIT FUND?**

11 A. Yes. Staff believes this expense account is necessary given the Company's
12 zero return on rate base and helps to prepare for capital expenditures and
13 repairs that the Company will require in the future. This account has been
14 successfully used by the Company for major repairs, emergencies, and capital
15 expenditures in order to ensure safe and reliable service to customers. Staff
16 recommends that the System Program Fund for Angler's Cove continue to be
17 maintained at the present level of \$2,080 annually.

18 **Q. WERE ANY CHANGES MADE TO THE FILED TARIFF SHEETS?**

19 A. Staff made a number of minor housekeeping changes to the tariff sheets filed
20 with the Company's application to reflect the recent adoption of new Division 36
21 Water Utilities rules; in other words, Staff replaced citations to the repealed
22 rules with the newly-adopted rule numbers. Additionally, in Docket

⁴ See *Id.* at 3 (Commission adopted the parties' stipulation continuing the Company's System Benefit Fund).

1 No. UM 779, the Company made a compliance filing replacing a sheet for
2 Schedule No. 2 Miscellaneous Service Charges with rates effective
3 January 1, 2017. All of these changes are incorporated in the Company's
4 tariffs found in Attachment B to the Stipulation.

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

6 **Q. WHAT RATES DID THE PARTIES AGREE TO?**

7 A. The parties agreed to a monthly base rate of \$35 with a first tier usage rate of
8 \$0.0050 per gallon for the first 4,500 gallons and a second tier usage rate of
9 \$0.0119 per gallon for each gallon over 4,500 gallons.

10 **Q. PLEASE SUMMARIZE THE CURRENT RATES AND THE STIPULATED**
11 **RATES.**

12 A. A summary of the stipulated rates is shown below in Table 3.

13 **TABLE 3 - SUMMARY OF RATES**

Current Rates		
Base Rate	\$30	
Tier One	\$0.0050 per gallon	<4,500 gals
Tier Two	\$0.0119 per gallon	>4,500 gals
Stipulated Rates		
Base Rate	\$35	
Tier One	\$0.0050 per gallon	<4,500 gals
Tier Two	\$0.0119 per gallon	>4,500 gals

14 **Q. WHAT RATE DESIGN DID THE PARTIES AGREE TO?**

15 A. The stipulated rate design assigns 60.74 percent of the revenue requirement
16 to the base rate and 39.25 percent to the usage rate. When designing rates,
17 Staff generally tries to align the split between the base rate and usage rate
18 based on the percentage of fixed and variable expenses. Staff often uses a

1 split of 60 percent to base rate and 40 percent to the usage rate. In the last
2 rate case, UW 126, the rate design was set at 54.17 percent of the revenue
3 requirement to the base rate and 45.83 percent to the usage rate; had Staff
4 used a 60/40 split in that case, the base rate would have increased over
5 100 percent. However, the new split proposed in this case brings the
6 percentages closer in line with the split for fixed and variable expenses.

7 The stipulated usage rates are an increasing block rate design. The
8 first tier (up to 4,500 gallons) is \$0.0050 per gallon. The second tier (above
9 4,500 gallons) is at \$0.0119 per gallon.

10 **ISSUE 6. THE STIPULATION**

11 **Q. WHAT REVENUE REQUIREMENT DID THE PARTIES STIPULATE TO IN** 12 **UW 167?**

13 A. The Parties stipulated to a revenue requirement of \$26,963, which represents a
14 9.13 percent or \$2,340 increase over test year revenues. Although this
15 revenue requirement represents the full amount requested by the Company in
16 its application, Staff notes that the requested revenue of \$26,963 results in a
17 negative 6.72 percent rate of return in Staff's model, meaning that the annual
18 revenue amount is less than what is required to cover the Company's cost of
19 service (given no rate of return in this case).

20 Staff and the Company have discussed on multiple occasions that the
21 requested increase will not cover the Company's cost of service. The
22 Company is aware of the options available, namely, withdrawing the current

1 application and re-noticing and refiling the rate case requesting a larger
2 increase, or filing another rate case after the conclusion of UW 167.

3 **Q. WHAT ARE THE EFFECTS OF THE STIPULATED RATES ON THE**
4 **AVERAGE CUSTOMER BILL?**

5 A. The effects of the stipulated rates on the average customer's monthly bill are
6 shown in Table 4.

7 **Table 4. Rate Comparison**

Existing Rates				
	Rates	Average Monthly Usage	Average Monthly Commodity Price	Average Monthly Bill
Base	\$30.00			
Tier 1 commodity	\$0.005	3,658	\$18.29	
Tier 2 commodity	\$0.0119	371	\$4.41	
TOTAL			\$22.70	\$52.70
Stipulated Rates				
	Rate	Average Monthly Usage	Average Monthly Commodity Price	Average Monthly Bill
Base	\$35.00			
Tier 1 commodity	\$0.005	3,658	\$18.29	
Tier 2 commodity	\$0.0119	371	\$4.41	
TOTAL			\$22.70	\$57.70

8 **Q. DO THE PARTIES RECOMMEND AN EFFECTIVE DATE FOR THE NEW**
9 **RATES AGREED TO IN THE STIPULATION?**

10 A. Yes. The effective date recommended by the Parties and agreed to in the
11 Stipulation is for service rendered on and after April 1, 2017.

1 **Q. DOES STAFF BELIEVE THE RESULTING RATES ARE FAIR AND**
2 **REASONABLE?**

3 A. Yes. The resulting rates are fair, just and reasonable to customers. However,
4 Staff notes that the stipulated revenue requirement does not fully cover the
5 Company's total cost of service as determined in this particular rate case; Staff is
6 unable to correct this given that Staff is limited to the requested revenue amount
7 noticed to customers. Staff raised this issue with the Company several times and
8 explained the procedural options that the Company could take to request a larger
9 increase covering the cost of service. The Company is aware of the options, but
10 has chosen not to re-notice or file a new rate case. Staff notes that the Company
11 does have a System Benefit Fund where reserve funds are set aside to assist
12 with major repairs, emergencies, and capital expenditures.

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

14 A. Staff recommends the Commission admit the Stipulation and attachments, along
15 with Staff's testimony with exhibits, into the UW 167 record, and adopt the
16 Stipulation reached by the Parties in its entirety.

17 **Q. DOES THIS CONCLUDE YOUR TESTIMONY IN SUPPORT OF THE**
18 **STIPULATION?**

19 A. Yes.

CASE: UW 167
WITNESS: JOAN GRINDLELAND

**PUBLIC UTILITY COMMISSION
OF
OREGON**

STAFF EXHIBIT 101

Witness Qualifications Statement

February 17, 2017

WITNESS QUALIFICATION STATEMENT

NAME: Joan Grindeland

EMPLOYER: Public Utility Commission of Oregon (OPUC)

TITLE: Utility Analyst
Retail Telecom & Water Regulation

ADDRESS: 201 High Street SE. Suite 100
Salem, OR 97301

EDUCATION: Bachelor of Science, Environmental Studies, Huxley
College, Western Washington University

EXPERIENCE: Employed with the OPUC since 2014; currently a Utility
Analyst for Retail Telecom & Water Regulation

Prior to employment with the OPUC, I held various positions, including: Manager at Lake Forest Park Water District; Resource Management Supervisor at Franklin County PUD; Officer Manager/Supervisor at In-Gas, Inc. propane distribution subsidiary for Inland Power and Light; Office Administrator for EA Engineering, Science and Technology; Administrative Manager at Summit Cablevision; and Administrative Support Specialist for Salem Keizer School District.

CASE: UW 167
WITNESS: JOAN GRINDLELAND

**PUBLIC UTILITY COMMISSION
OF
OREGON**

STAFF EXHIBIT 102

**Exhibits in Support
Of Testimony**

February 17, 2017

Company Name Angler's Cove
Docket # UW 167
Test Year: 2015

Company Proposed Increase:	10.14%
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Staff Proposed Increase:	9.13%
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Revenue Requirement

Acct No.		A	B	C	D	E	F	G	H
	Company	Company	Company	Staff	Staff	Staff	Staff	Total	Total
	Balance per Application	Proposed Company Adjustments	Proposed Company Totals	Staff Adjustments	Adjusted Results	Revenue-Sensitive Adjustments	Total PUC Adjustments	PUC Proposed Results	
			A+B=C		C+D=E		D+F=G	C+G=H	
REVENUES									
460	Unmetered Water Sales	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
461.1	Residential Water Sales	\$ 24,623	\$ 2,340	\$ 26,963	\$ -	\$ 26,963	\$ -	\$ 26,963	\$ 26,963
461.2	Commercial Water Sales	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
462	Fire Protection	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
464	Water Sales to Public Authorities	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
465	Irrigation -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
466	Sales for Resale	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
467	Golf Course	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
468	Special Contracts	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
471	Miscellaneous Revenues	\$ 84	\$ 166	\$ 250	\$ (250)	\$ -	\$ -	\$ (250)	\$ -
472	Cell Tower/Rent from Util. Property	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
475	Cross Connection Control Revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
0	0	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	TOTAL REVENUE	\$ 24,707	\$ 2,506	\$ 27,213	\$ (250)	\$ 26,963	\$ -	\$ (250)	\$ 26,963
OPERATING EXPENSES									
601	Salaries and Wages - Employees	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
603	Salaries and Wages - Officers	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
604	Employee Pension & Benefits	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
610	Purchased Water	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
611	Telephone/Communications	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
615	Purchased Power	\$ 2,924	\$ 100	\$ 3,024	\$ -	\$ 3,024	\$ -	\$ 3,024	\$ 3,024
616	Fuel for Power Production	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
617	Other Utilities	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
618	Chemical / Treatment Expense	\$ 1,226	\$ -	\$ 1,226	\$ -	\$ 1,226	\$ -	\$ 1,226	\$ 1,226
619	Office Supplies	\$ 238	\$ (150)	\$ 88	\$ -	\$ 88	\$ -	\$ 88	\$ 88
619.1	Postage	\$ 59	\$ (49)	\$ 10	\$ -	\$ 10	\$ -	\$ 10	\$ 10
620	O&M Materials/Supplies	\$ 531	\$ -	\$ 531	\$ -	\$ 531	\$ -	\$ 531	\$ 531
621	Repairs to Water Plant	\$ 2,231	\$ (731)	\$ 1,500	\$ -	\$ 1,500	\$ -	\$ 1,500	\$ 1,500
631	Contract Svcs - Engineering	\$ 12,000	\$ 900	\$ 12,900	\$ (12,900)	\$ -	\$ -	\$ (12,900)	\$ -
632	Contract Svcs - Accounting	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
633	Contract Svcs - Legal	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
634	Contract Svcs - Management Fees	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
635	Contract Svcs - Testing	\$ 1,083	\$ -	\$ 1,083	\$ -	\$ 1,083	\$ -	\$ 1,083	\$ 1,083
636	Contract Svcs - Labor	\$ -	\$ -	\$ -	\$ 12,900	\$ 12,900	\$ 12,900	\$ 12,900	\$ 12,900
637	Contract Svcs - Billing/Collection	\$ 815	\$ 685	\$ 1,500	\$ -	\$ 1,500	\$ -	\$ 1,500	\$ 1,500
638	Contract Svcs - Meter Reading	\$ 660	\$ -	\$ 660	\$ -	\$ 660	\$ -	\$ 660	\$ 660
639	Contract Svcs - Other	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
641	Rental of Building/Real Property	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
642	Rental of Equipment	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
643	Small Tools	\$ 183	\$ -	\$ 183	\$ -	\$ 183	\$ -	\$ 183	\$ 183
648	Computer/Electronic Expenses	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
650	Transportation	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
656	Vehicle Insurance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
657	General Liability Insurance	\$ 2,111	\$ 123	\$ 2,234	\$ -	\$ 2,234	\$ -	\$ 2,234	\$ 2,234
658	Workers' Comp Insurance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
659	Insurance - Other	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
666	Amort. of Rate Case	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	Gross Revenue Fee (PUC)	\$ 67	\$ 83	\$ 150	\$ -	\$ -	\$ (58)	\$ (58)	\$ 92
670	Bad Debt Expense	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
671	Cross Connection Control Program	\$ 30	\$ -	\$ 30	\$ -	\$ 30	\$ -	\$ 30	\$ 30
673	Training and Certification	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
674	Consumer Confidence Report	\$ -	\$ 2	\$ 2	\$ -	\$ 2	\$ -	\$ 2	\$ 2
675	Miscellaneous Expense	\$ 625	\$ (215)	\$ 410	\$ -	\$ 410	\$ -	\$ 410	\$ 410
OE1	System Benefit Fund Account	\$ 2,080	\$ -	\$ 2,080	\$ -	\$ 2,080	\$ -	\$ 2,080	\$ 2,080
OE2	Other Expense 2	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
OE3	Other Expense 3	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
OE4	Other Expense 4	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
OE5	Other Expense 5	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	TOTAL OPERATING EXPENSE	\$ 26,863	\$ 748	\$ 27,611	\$ -	\$ 27,461	\$ (58)	\$ (58)	\$ 27,553
OTHER REVENUE DEDUCTIONS									
	Depreciation Expense	\$ 2,452	\$ -	\$ 2,452	\$ (247)	\$ 2,205	\$ -	\$ (247)	\$ 2,205
406	Amort of Plant Acquisition Adjustment	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
407	Amortization Expense	\$ -	\$ -	\$ -	\$ 594	\$ 594	\$ 594	\$ 594	\$ 594
408.11	Property Tax	\$ 401	\$ 12	\$ 413	\$ -	\$ 413	\$ -	\$ 413	\$ 413
408.12	Payroll Tax	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
408.13	Other	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
409.1	Federal Income Tax	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
409.11	Oregon Income Tax	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
409.13	Extraordinary Items Income Tax	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	TOTAL REVENUE DEDUCTIONS	\$ 29,716	\$ 760	\$ 30,476	\$ 347	\$ 30,673	\$ (58)	\$ 289	\$ 30,765
	NET OPERATING INCOME	\$ (5,009)	\$ 1,746	\$ (3,263)	\$ (597)	\$ (3,710)	\$ 58	\$ (539)	\$ (3,802)
UTILITY RATE BASE									
	Utility Plant Invested by Company	\$ 79,101	\$ -	\$ 79,101	\$ -	\$ 79,101	\$ -	\$ 79,101	\$ 79,101
271	+ Contributions in Aid of Construction	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	- Excess Capacity	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	Equals: Total Utility Plant	\$ 79,101	\$ -	\$ 79,101	\$ -	\$ 79,101	\$ -	\$ 79,101	\$ 79,101
	- Accum. Depreciation--Invested Plant	\$ 24,707	\$ -	\$ 24,707	\$ 143	\$ 24,850	\$ 143	\$ 24,850	\$ 24,850
	- Accum. Depreciation--CIAC	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
271	- Contributions in Aid of Construction	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
281	- Accumulated Deferred Income Tax	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
272	+ Accum. Amortization of CIAC	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	Equals: Net Invested Utility Plant	\$ 54,394	\$ -	\$ 54,394	\$ (143)	\$ 54,251	\$ (143)	\$ 54,251	\$ 54,251
	Plus: (working capital)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
151	Materials and Supplies Inventory	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
WrkCash	Working Cash (Total Op Exp /12)	\$ -	\$ -	\$ -	\$ 2,296	\$ 2,296	\$ 2,296	\$ 2,296	\$ 2,296
	TOTAL RATE BASE	\$ 54,394	\$ -	\$ 54,394	\$ 2,153	\$ 56,547	\$ -	\$ 2,153	\$ 56,547
	Rate of Return	-9.21%		-6.00%		-6.56%			-6.72%

Docket No. UW 167

Company Name Angler's Cove
Docket # UW 167
Test Year: 2015

Adjustment Summary

Acct No.	REVENUES	Company Proposed	PUC Adjustments	PUC Proposed Results	Reason for Adjustment
460	Unmetered Water Sales	\$ -	\$ -	\$ -	No Adjustment
461.1	Residential Water Sales	\$ 26,963	\$ -	\$ 26,963	No Adjustment
461.2	Commercial Water Sales	\$ -	\$ -	\$ -	No Adjustment
462	Fire Protection	\$ -	\$ -	\$ -	No Adjustment
464	Water Sales to Public Authorities	\$ -	\$ -	\$ -	No Adjustment
465	Irrigation -	\$ -	\$ -	\$ -	No Adjustment
466	Sales for Resale	\$ -	\$ -	\$ -	No Adjustment
467	Golf Course	\$ -	\$ -	\$ -	No Adjustment
468	Special Contracts	\$ -	\$ -	\$ -	No Adjustment
471	Miscellaneous Revenues	\$ 250	\$ (250)	\$ -	Removed bank charges and fees
472	Cell Tower/Rent from Util. Property	\$ -	\$ -	\$ -	No Adjustment
475	Cross Connection Control Revenue	\$ -	\$ -	\$ -	No Adjustment
0	0	\$ -	\$ -	\$ -	No Adjustment
	TOTAL REVENUE	\$ 27,213	\$ (250)	\$ 26,963	
	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	\$ -	\$ -	\$ -	No Adjustment
611	Telephone/Communications	\$ -	\$ -	\$ -	No Adjustment
615	Purchased Power	\$ 3,024	\$ -	\$ 3,024	No Adjustment
616	Fuel for Power Production	\$ -	\$ -	\$ -	No Adjustment
617	Other Utilities	\$ -	\$ -	\$ -	No Adjustment
618	Chemical / Treatment Expense	\$ 1,226	\$ -	\$ 1,226	No Adjustment
619	Office Supplies	\$ 88	\$ -	\$ 88	No Adjustment
619.1	Postage	\$ 10	\$ -	\$ 10	No Adjustment
620	O&M Materials/Supplies	\$ 531	\$ -	\$ 531	No Adjustment
621	Repairs to Water Plant	\$ 1,500	\$ -	\$ 1,500	No Adjustment
631	Contract Svcs - Engineering	\$ 12,900	\$ (12,900)	\$ -	Moved to Contract Svcs-Labor
632	Contract Svcs - Accounting	\$ -	\$ -	\$ -	No Adjustment
633	Contract Svcs - Legal	\$ -	\$ -	\$ -	No Adjustment
634	Contract Svcs - Management Fees	\$ -	\$ -	\$ -	No Adjustment
635	Contract Svcs - Testing	\$ 1,083	\$ -	\$ 1,083	No Adjustment
636	Contract Svcs - Labor	\$ -	\$ 12,900	\$ 12,900	Moved from Contract Svcs-Engineering
637	Contract Svcs - Billing/Collection	\$ 1,500	\$ -	\$ 1,500	No Adjustment
638	Contract Svcs - Meter Reading	\$ 660	\$ -	\$ 660	No Adjustment
639	Contract Svcs - Other	\$ -	\$ -	\$ -	No Adjustment
641	Rental of Building/Real Property	\$ -	\$ -	\$ -	No Adjustment
642	Rental of Equipment	\$ -	\$ -	\$ -	No Adjustment
643	Small Tools	\$ 183	\$ -	\$ 183	No Adjustment
648	Computer/Electronic Expenses	\$ -	\$ -	\$ -	No Adjustment
650	Transportation	\$ -	\$ -	\$ -	No Adjustment
656	Vehicle Insurance	\$ -	\$ -	\$ -	No Adjustment
657	General Liability Insurance	\$ 2,234	\$ -	\$ 2,234	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)	\$ 150	\$ (58)	\$ 92	
670	Bad Debt Expense	\$ -	\$ -	\$ -	No Adjustment
671	Cross Connection Control Program	\$ 30	\$ -	\$ 30	No Adjustment
673	Training and Certification	\$ -	\$ -	\$ -	No Adjustment
674	Consumer Confidence Report	\$ 2	\$ -	\$ 2	No Adjustment
675	Miscellaneous Expense	\$ 410	\$ -	\$ 410	No Adjustment
OE1	System Benefit Fund Account	\$ 2,080	\$ -	\$ 2,080	Renamed to reflect what is allowed for future repairs and capital improvements
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	\$ 27,611	\$ (58)	\$ 27,553	
	OTHER REVENUE DEDUCTIONS				
403	Depreciation Expense	\$ 2,452	\$ (247)	\$ 2,205	Corrected number to actual plant depreciation amount and moved \$594 to amortization
406	Amort of Plant Acquisition Adjustment	\$ -	\$ -	\$ -	No Adjustment
407	Amortization Expense	\$ -	\$ 594	\$ 594	Moved depreciation expense on Storage/Capacity to correct amortization of contracts
408.11	Property Tax	\$ 413	\$ -	\$ 413	No Adjustment
408.12	Payroll Tax	\$ -	\$ -	\$ -	No Adjustment
408.13	Other	\$ -	\$ -	\$ -	No Adjustment
409.1	Federal Income Tax	\$ -	\$ -	\$ -	No Adjustment
409.11	Oregon Income Tax	\$ -	\$ -	\$ -	No Adjustment
409.13	Extraordinary Items Income Tax	\$ -	\$ -	\$ -	No Adjustment
	TOTAL REVENUE DEDUCTIONS	\$ 30,476	\$ 289	\$ 30,765	
	NET OPERATING INCOME	\$ (3,263)	\$ (539)	\$ (3,802)	
	UTILITY RATE BASE				
101	Utility Plant in Service	\$ 79,101	\$ -	\$ 79,101	No Adjustment
272	Amortization of CIAC	\$ -	\$ -	\$ -	No Adjustment
	Less:				
108.1	Depreciation Reserve	\$ 24,707	\$ 143	\$ 24,850	Actual amount from plant depreciation
271	Contributions in Aid of Const	\$ -	\$ -	\$ -	No Adjustment
281	Accumulated Deferred Income Tax	\$ -	\$ -	\$ -	No Adjustment
	Net Utility Plant	\$ 54,394	\$ (143)	\$ 54,251	Removed depreciation reserve
	Plus: (working capital)				
151	Materials and Supplies Inventory	\$ -	\$ -	\$ -	No Adjustment
WrkCash	Working Cash (Total Op Exp /12)	\$ -	\$ 2,296	\$ 2,296	
	TOTAL RATE BASE	\$ 54,394	\$ 2,153	\$ 56,547	

Docket No. UW 167

Company Name Angler's Cove
Docket # UW 167
Test Year: 2015

Cost of Capital

Utility Proposed Rate of Return	-6.00%
Test Year Rate of Return	-9.21%
Staff Proposed Rate of Return	0.00%

Cost of Debt

	Debt	Original Balance	Outstanding Balance	Capital Structure	Cost	Weighted Cost
1	\$ -	\$ -	\$ -	0.00%	0.00%	0.00%
2	\$ -	\$ -	\$ -	0.00%	0.00%	0.00%
3	\$ -	\$ -	\$ -	0.00%	0.00%	0.00%
4	\$ -	\$ -	\$ -	0.00%	0.00%	0.00%
5	\$ -	\$ -	\$ -	0.00%	0.00%	0.00%
6	\$ -	\$ -	\$ -	0.00%	0.00%	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	0		\$79,000	100.00%	0.00%	0.00%
2	0		\$0	0.00%	0.00%	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	\$79,000			0.00%
TOTAL DEBT + EQUITY			\$79,000			0.00%

Rate of Return

Docket No. UW 167

Company Name Angler's Cove

Docket # UW 167

Test Year: 2015

Residential Rate Design

Proposed Residential Revenues: \$26,963

Variable Rate: 39%

Variable Revenues: \$10,583

Base Rate: 61%

Base Revenues: \$16,379

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
5/8" x 3/4"	39	\$30.00	\$14,040	1	1	\$35.00	\$16,380
1"			\$0		2.5	\$0.00	\$0
1.5"			\$0		5	\$0.00	\$0
2"			\$0		8	\$0.00	\$0
3"			\$0		15	\$0.00	\$0
6"			\$0		50	\$0.00	\$0
TOTAL	39		\$14,040				\$16,380

COMMODITY RATE Tier 1

Proposed consumption per application:	1,477,984
Divided by unit of measure:	1 gal
Equals total consumption:	1,477,984
Proposed Variable Revenue:	\$ 7,390
Divided by consumption:	1,477,984
Equals commodity rate:	\$ 0.0050 per 1 gal

COMMODITY RATE Tier 1

Proposed consumption per application:	396,870
Divided by unit of measure:	1 gal
Equals total consumption:	396,870
Proposed Variable Revenue:	\$ 4,723
Divided by consumption:	396,870
Equals commodity rate:	\$ 0.0119 per 1 gal

CONSUMPTION

Tier 1

Size of Line	Annual Consumption (Test)	Annual Consumption per Customer	New Customers	Annual Consumption (Proposed)
5/8" x 3/4"	1,477,984	37,897		1,477,984
1"		-		-
1.5"		-		-
2"		-		-
3"		-		-
6"		-		-
TOTAL	1,477,984	37,897	-	1,477,984

RATE COMPARISON

Existing Rates				
	Rates	Average Monthly Usage	Average Monthly Commodity Price	Average Monthly Bill
Base	\$30.00			
Tier 1 comm	\$0.005	3,658	\$18.29	
Tier 2 comm	\$0.0119	371	\$4.41	
TOTAL			\$22.70	

Proposed Rates				
	Rate	Average Monthly Usage	Average Monthly Commodity Price	Average Monthly Bill
Base	\$35.00			
Tier 1 comm	\$0.005	3,658	\$18.29	
Tier 2 comm	\$0.0119	371	\$4.41	
TOTAL			\$22.70	

