

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

UW 172

In the Matter of

MOUNTAIN HOME WATER DISTRICT,

Compliance of Order No. 17-249 and
Request for Increase in Rates.

ORDER

DISPOSITION: AMENDED STIPULATION ADOPTED

I. INTRODUCTION

Mountain Home Water District filed its application for a general rate increase on August 11, 2017, requesting to raise its monthly rate from \$80 to \$1,675, an increase of over 2,000 percent. In addition, the company proposed a one-time assessment of \$23,333 per user, representing a one-third share of the approximately \$70,000 the company had spent for a replacement well. By Order No. 17-311 we suspended the rate filing for nine months from October 1, 2017.¹

A Public Comment Open House and Prehearing Conference were held in West Linn, Oregon, on October 26, 2017. On August 29, 2017, Mel and Connie Kroker filed a petition to intervene that was granted by the administrative law judge in his Prehearing Conference Memorandum on October 30, 2017. The Krokers participated in the public comment open house and prehearing conference.

On January 4, 2018, Staff of the Public Utility Commission of Oregon (Staff) filed its Opening Testimony. On February 22, 2018, the parties filed a stipulation resolving all issues. On March 20, 2018, the parties filed an Amended Stipulation, together with supporting testimony by Staff.² The amended stipulation is attached as Appendix A. The

¹ The suspension period will expire on July 1, 2018. However, in their stipulation, the parties agree that the new rates will become effective on July 1, 2018. Accordingly we find that Mountain Home has waived the earlier effective date.

² The stipulation was amended to reflect the departure of a fourth customer from the utility.

amended stipulation and Staff's Testimony in Support of the Amended Stipulation are received into evidence, including Staff's Opening Testimony.

II. BACKGROUND

Mountain Home currently provides water service to three customers in a rural area of West Linn, Oregon. It is owned by Dr. Keith Ironside. The system was originally constructed in the early 1970s and has served as many as six customers.

Mountain Home was a service-only regulated utility until July, 2017. On April 1, 2016, Mountain Home filed an application for authority to terminate water service and abandon its public utility service obligation (Docket UM 1769). That application was denied in Order No. 17-164. Following that order, on June 1, 2017, the company notified its customers that it intended to increase their rates significantly and levy a substantial assessment.

On June 26, 2017, we received a petition from the Krokors requesting that we assert rate setting jurisdiction over Mountain Home under ORS 757.061(3)(d), which provides that a utility is subject to rate regulation under specified conditions. On July 12, 2017, in Order No. 17-249, we found that Mountain Home met those conditions and ordered the company to file appropriate tariffs within 60 days of the order. In response, Mountain Home filed this application.

III. THE AMENDED STIPULATION

In their amended stipulation, Mountain Home, Staff, and the Krokors propose that we adopt a total revenue requirement of \$19,485, an increase of 777 percent above test year revenues. The parties agree that Mountain Home will have an opportunity to earn an 8.9 percent rate of return on a total rate base of \$73,723.

The parties agree to a monthly rate of \$541.26, which is calculated based on three customers – the Krokors, Dr. Ironside, and Valerie Meyer (Dr. Ironside's daughter).

The parties agree that the replacement well (discussed in detail in Order No. 17-164) is used and useful for the utility so that \$62,374 should be included in the company's rate base, representing the prudent investment in the replacement well.

The parties agree that each household is entitled to use water to irrigate an equal share of one half acre (1/6 of an acre for each of the three customers) under specified terms and conditions. Failure to abide by this restriction is grounds for termination of service.

The parties agree that the stipulated rates and regulations are premised on the commitment by the Krokors to drill their own well in 2018. The parties agree that once the Krokors have disconnected their water service, Mountain Home will no longer be a regulated utility under our jurisdiction.

The parties agree that Mountain Home will not file a general rate case until after December 31, 2018, if the Krokors are unable to secure an alternative water source.

The parties agree that the stipulated rates will become effective on July 1, 2018.

IV. STAFF'S TESTIMONY IN SUPPORT

In its testimony, Staff summarizes the major adjustments to the company's revenue requirement adopted by the stipulating parties.

A. Cost of Service

1. Purchased Power

In its application, Mountain Home did not include any expenses related to purchased power. In their amended stipulation, the parties agree to an annual expense of \$1,680.

2. Repairs to Water Plant

In its application, Mountain Home did not include any expenses related to repairs to water plant. Instead, it proposed a contingency fund of \$3,000. In their amended stipulation, the parties removed the proposed contingency fund and agree to an annual expense of \$400 for maintenance and repairs.

3. Contract Services – Legal

In its application, Mountain Home proposed an annual legal expense of \$9,900. In their amended stipulation the parties agree to an annual expense of \$1,200.

4. Contract Services

In its application, Mountain Home did not request any expenses relating to testing services. In their amended stipulation, the parties agree to an annual expense of \$150. Mountain Home also proposed to include an annual expense of \$4,500 to hire a company to operate its system. Its estimate was based on information provided by a reputable

operator who is already providing service to a nearby utility. In their amended stipulation, the parties agree that this is a reasonable amount.

5. Amortization of Rate Case

Mountain Home did not request any amortization of the rate case expense in its application. In its original testimony, Staff estimated a rate case expense of \$56,000, assuming that the case would go to hearing. In their amended stipulation, the parties agree to exclude the amortization of the rate case expense based on the premise that the Krokors will drill their own well and leave the system.

6. State and Federal Taxes

In its application, Mountain Home did not include any expenses related to state and federal income taxes. In their amended stipulation, the parties agree to include annual federal taxes of \$1,158 and state taxes of \$545.

7. Plant in Service

The parties agree to total plant in service of \$77,969. The parties agree that \$62,374 should be added to rate base, representing the prudent investment in the replacement well.

8. Accumulated Depreciation

The parties agree to include Accumulated Depreciation consistent with the plant lives and in-service dates provided by the company. Based on an adjustment related to repairs to the old well prior to the drilling of the new well, the accumulated depreciation annual expense was lowered from \$5,206 to \$4,986.

B. Rate Spread

The service to the three households is unmetered. In their amended stipulation, the parties agree to a rate of \$541.26 per month for each customer.

C. Water for Irrigation

The parties agree that each household is entitled to use water to irrigate an equal share of the one-half acre restriction for exempt wells under ORS chapter 537. Each customer will submit to the company a plat map that includes their designated irrigation area and

agrees to restrict their irrigation to that area. Failure to abide by these restrictions is grounds for termination of service.

V. RESOLUTION

As shown by Staff's original testimony, Staff performed a thorough review of Mountain Home's application and was able to reorganize the information into a workable ratemaking format. The effort was fruitful as it set the stage for a settlement that is in the best interest of the parties.

In this case, we are presented with a settlement that potentially fully resolves the issues associated with Mountain Home's service to the Krokors without necessitating substantial future expenditures by either party. We gratefully commend the parties for having reached their settlement and commend Staff for its critical contribution to that outcome.

VI. ORDER

IT IS ORDERED that:

1. Advice No. 17-1 filed by Mountain Home Water District is permanently suspended.
2. The amended stipulation between Mountain Home Water District, Mel and Connie Kroker, and the Staff of the Public Utility Commission of Oregon, attached as Appendix A, is adopted.

3. Mountain Home Water District is authorized to file its tariffs in accord with the amended stipulation, with an effective date of July 1, 2018.

Made, entered, and effective MAY 07 2018

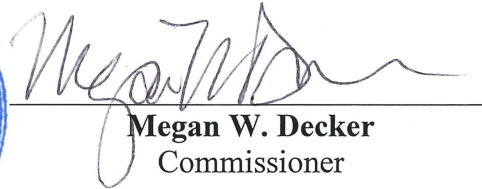


Lisa D. Hardie
Chair





Stephen M. Bloom
Commissioner



Megan W. Decker
Commissioner

A party may request rehearing or reconsideration of this order under ORS 756.561. A request for rehearing or reconsideration must be filed with the Commission within 60 days of the date of service of this order. The request must comply with the requirements in OAR 860-001-0720. A copy of the request must also be served on each party to the proceedings as provided in OAR 860-001-0180(2). A party may appeal this order by filing a petition for review with the Court of Appeals in compliance with ORS 183.480 through 183.484.

BEFORE THE PUBLIC UTILITY COMMISSION

OF OREGON

UW 172

In the Matter of Mountain Home Water)
District, Application for) AMENDED STIPULATION
General Rate Increase)

1 Mountain Home Water District. (Mt. Home or Company), appearing by and
2 through its attorney Jennie Bricker, the Public Utility Commission of Oregon
3 Staff (Staff), appearing by and through its attorney, Sommer Moser, Assistant
4 Attorney General, and intervenors Mel and Connie Kroker, appearing by and
5 through their attorney Peter Mohr, hereafter collectively referred to as the
6 Stipulating Parties, enter into this stipulation resolving all issues in this case.

7 1.

8 The Stipulating Parties support entering into evidence, without requiring any
9 Stipulating Party to lay a foundation for its admission, this Stipulation, Staff's
10 written Testimony in Support of the Stipulation (Exhibit Staff/300), and additional
11 supporting exhibits.

12 2.

13 The Stipulating Parties support and recommend the Commission adopt a
14 total revenue requirement of \$19,485, an increase of 777 percent over test year
15 revenues. Additionally, the Stipulating Parties agree that Mt. Home will have an
16 opportunity to earn an 8.9 percent rate of return on a total rate base of \$73,723.

1 The stipulated revenue requirement and adjustments are included for review as
2 Attachment A to this Stipulation.

3 3.

4 The Stipulating Parties agree to and support the rate of \$541.26 per month,
5 which is calculated based on providing service to three households on the system
6 at the time the rates from this docket are stipulated to go into effect: 1) the Krokers,
7 2) Dr. Ironside, and 3) Valerie Meyer.

8 4.

9 The Stipulating Parties agree that the replacement well is used and useful in
10 the provision of utility service, and that \$62,374 should be added to the Company's
11 rate base representing the prudent investment in the replacement well.

12 5.

13 The Stipulating Parties agree that each household using the system is entitled
14 to use water to irrigate an equal share of one half acre (i.e., if three customers are
15 served by the system, each customer will be able to irrigate 1/6 of an acre). The
16 Stipulating Parties agree that they will each designate an area of 1/6 acre or less as
17 their Designated Irrigation Area (DIA), submit a plat map including their DIA to Mt.
18 Home, and agree to restrict their irrigation to their DIA. Finally, the Stipulating
19 Parties also agree that failure to abide by this restriction is grounds for notice and
20 termination under OAR 860-036-1500, 1510, 1520, 1530, and 1670.

6.

The Stipulating Parties agree to and support rates being effective for service rendered on and after July 1, 2018.

7.

The rates and regulations included in this Stipulation are premised on the commitment by the Krokors to drill their own well in 2018. The Stipulating Parties agree that once the Krokors have disconnected their water service from the Company, Mt. Home will no longer be a regulated utility under the jurisdiction of the Commission.

8.

The Stipulating Parties agree that the Company will not file a general rate case, in the event that the Krokors are unable to secure an alternative water source, until after December 31, 2018. The Stipulating Parties further agree that the Stipulation shall not be construed to restrict the positions of the parties on any issue included in this Stipulation in such a future rate case.

9.

The Stipulating Parties have negotiated this Stipulation in good faith and recommend that the Commission adopt the Stipulation in its entirety.

10.

The Stipulating Parties agree that the Stipulation represents a compromise in the positions of the Stipulating Parties. By entering into this Stipulation, no Stipulating Party shall be deemed to have approved, accepted, or consented to the

1 facts, principles, methods, or theories employed by any other Stipulating Party in
2 arriving at this Stipulation.

3 11.

4 The Stipulating Parties agree that without the written consent of all
5 Stipulating Parties, evidence of conduct or statements including, but not limited to,
6 term sheets or other documents created solely for use in settlement conferences in
7 this docket, and conduct or statements made at settlement conferences, are
8 confidential and not admissible in the instant or any subsequent proceeding,
9 unless independently discoverable or offered for other purposes allowed under
10 ORS 40.190.

11 12.

12 The Stipulating Parties have negotiated this Stipulation as an integrated
13 document. Accordingly, if the Commission rejects all or any material portion of this
14 Stipulation, or adds any material condition to any final order that is not consistent
15 with this Stipulation, each Stipulating Party reserves the right, upon written notice
16 to the Commission and all parties to this proceeding within 15 days of the date of
17 the Commission's final order, to withdraw from the Stipulation and to present
18 additional evidence and argument on the record. Nothing in this paragraph
19 provides any Stipulating Party the right to withdraw from this Stipulation as a result
20 of the Commission's resolution of issues that this Stipulation does not resolve.

1

13.

2

3

4

5

6

7

8

9

10

11

12

The Stipulating Parties understand that this Stipulation is not binding on the Commission in deciding Mt. Home's application for a general rate increase and does not foreclose the Commission from addressing any other issues.

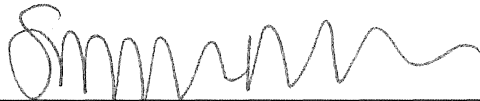
14.

The Stipulating Parties are each responsible for their own costs and attorney fees incurred in these proceedings as well as in the preparation of this Stipulation.

15.

This Stipulation may be executed in any number of counterparts, each of which will be an original for all purposes, but all of which taken together will constitute one and the same agreement.

DATED this 20th day of March, 2018.



Sommer Moser, OSB # 105260
Assistant Attorney General
Of Attorneys for PUC Staff

Jennie Bricker, OSB # 975240
Attorney for Mt. Home

Peter Mohr, OSB # 013556
Attorney for Mel and Connie Kroker

1 13.

2 The Stipulating Parties understand that this Stipulation is not binding on the
3 Commission in deciding Mt. Home's application for a general rate increase and
4 does not foreclose the Commission from addressing any other issues.

5 14.


6 The Stipulating Parties are each responsible for their own costs and
7 attorney fees incurred in these proceedings as well as in the preparation of this
8 Stipulation.

9 15.

10 This Stipulation may be executed in any number of counterparts, each of
11 which will be an original for all purposes, but all of which taken together will
12 constitute one and the same agreement.

DATED this _____ day of March, 2018.

Sommer Moser, OSB # 105260
Assistant Attorney General
Of Attorneys for PUC Staff



Jennie Bricker, OSB # 975240
Attorney for Mt. Home

Peter Mohr, OSB # 013556
Attorney for Mel and Connie Kroker

1 13.

2 The Stipulating Parties understand that this Stipulation is not binding on the
3 Commission in deciding Mt. Home's application for a general rate increase and
4 does not foreclose the Commission from addressing any other issues.

5 14.

6 The Stipulating Parties are each responsible for their own costs and
7 attorney fees incurred in these proceedings as well as in the preparation of this
8 Stipulation.

9 15.

10 This Stipulation may be executed in any number of counterparts, each of
11 which will be an original for all purposes, but all of which taken together will
12 constitute one and the same agreement.

DATED this ____ day of March, 2018.

Sommer Moser, OSB # 105260
Assistant Attorney General
Of Attorneys for PUC Staff

Jennie Bricker, OSB # 975240
Attorney for Mt. Home

A handwritten signature in black ink, appearing to read 'P. Mohr', written over a horizontal line.

Peter Mohr, OSB # 013556
Attorney for Mel and Connie Kroker

Mountain Home Water District
Docket No. UW 172
Test Year: 2016

Company Proposed Increase
797.32%

Staff Proposed Increase
769.88%

Revenue Requirement

		Test Year	Company Adjustments	Company Proposed Totals	Staff Adjustments to Company Totals	Staff Proposed Totals
REVENUES						
460	Unmetered	2,240	17,860	\$ 20,100	\$ (615)	\$ 19,485
461.1	Residential			\$ -	\$ -	\$ -
461.2	Commercial			\$ -	\$ -	\$ -
462	Fire Protection Sales			\$ -	\$ -	\$ -
465	Irrigation Water Sales			\$ -	\$ -	\$ -
466	Water Sales for Resale			\$ -	\$ -	\$ -
471	Miscellaneous Services			\$ -	\$ -	\$ -
475	Cross Connection Control			\$ -	\$ -	\$ -
	Other			\$ -	\$ -	\$ -
				\$ -	\$ -	\$ -
Total Revenue		\$ 2,240	\$ 17,860	\$ 20,100	\$ (615)	\$ 19,485

Acct . 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	1,673	7	\$ 1,680	\$ -	\$ 1,680
616	Fuel for Power Production			\$ -	\$ -	\$ -
617	Other Utilities			\$ -	\$ -	\$ -
618	Chemical / Treatment Expense			\$ -	\$ -	\$ -
619	Office Supplies			\$ -	\$ -	\$ -
619.1	Postage	7	(7)	\$ -	\$ -	\$ -
620	O&M Materials/Supplies	-	-	\$ -	\$ -	\$ -
621	Repairs to Water Plant	69,717	(69,717)	\$ -	\$ 400	\$ 400
631	Contract Svcs - Engineering			\$ -	\$ -	\$ -
632	Contract Svcs - Accounting			\$ -	\$ -	\$ -
633	Contract Svcs - Legal	66,275	(56,375)	\$ 9,900	\$ (8,700)	\$ 1,200
634	Contract Svcs - Management Fees			\$ -	\$ -	\$ -
635	Contract Svcs - Testing	120		\$ 120	\$ 30	\$ 150
636	Contract Svcs - Labor	300	(300)	\$ -	\$ -	\$ -
637	Contract Svcs - Billing/Collection			\$ -	\$ -	\$ -
638	Contract Svcs - Meter Reading			\$ -	\$ -	\$ -
639	Contract Svcs - Other		5,400	\$ 5,400	\$ -	\$ 5,400
641	Rental of Building/Real Property			\$ -	\$ -	\$ -
642	Rental of Equipment			\$ -	\$ -	\$ -
643	Small Tools			\$ -	\$ -	\$ -
648	Computer/Electronic Expenses			\$ -	\$ -	\$ -
650	Transportation			\$ -	\$ -	\$ -
656	Vehicle Insurance			\$ -	\$ -	\$ -
657	General Liability Insurance			\$ -	\$ -	\$ -
658	Workers' Comp Insurance			\$ -	\$ -	\$ -
659	Insurance - Other			\$ -	\$ -	\$ -
666	Amortz. of Rate Case			\$ -	\$ -	\$ -
667	Gross Revenue Fee (PUC)			\$ -	\$ 58	\$ 58
670	Bad Debt Expense			\$ -	\$ -	\$ -
671	Cross Connection Control Program			\$ -	\$ -	\$ -
673	Training and Certification			\$ -	\$ -	\$ -
674	Consumer Confidence Report			\$ -	\$ -	\$ -
675	Miscellaneous Expense			\$ -	\$ -	\$ -
OE1	Contingency Account		3,000	\$ 3,000	\$ (3,000)	\$ -
OE2	Other Expense 2			\$ -	\$ -	\$ -
OE3	Other Expense 3			\$ -	\$ -	\$ -

OE4	Other Expense 4			\$ -	\$ -	\$ -
OE5	Other Expense 5			\$ -	\$ -	\$ -
	TOTAL OPERATING EXPENSE	\$ 138,092	\$ (117,992)	\$ 20,100	\$ (11,212)	\$ 8,888

OTHER REVENUE DEDUCTIONS

403	Depreciation Expense			\$ -	\$ 2,332	\$ 2,332
406	Amort of Plant Acquisition Adjustment			\$ -	\$ -	\$ -
407	Amortization Expense			\$ -	\$ -	\$ -
408.11	Property Tax			\$ -	\$ -	\$ -
408.12	Payroll Tax			\$ -	\$ -	\$ -
408.13	Other			\$ -	\$ -	\$ -
409.10	Federal Income Tax			\$ -	\$ 1,158	\$ 1,158
409.11	Oregon Income Tax			\$ -	\$ 545	\$ 545
409.13	Extraordinary Items Income Tax			\$ -	\$ -	\$ -
	TOTAL REVENUE DEDUCTIONS	\$ 138,092	\$ (117,992)	\$ 20,100	\$ (7,176)	\$ 12,924
	Net Operating Income	\$ (135,852)	\$ 135,852	\$ -	\$ 6,561	\$ 6,561

UTILITY RATE BASE

101	Utility Plant in Service			\$ -	\$ 77,969	\$ 77,969
105	Construction Work in Progress			\$ -	\$ -	\$ -
108	- Accumulated Depreciation of Plant			\$ -	\$ 4,986	\$ 4,986
271	- Contributions in Aid of Construction			\$ -	\$ -	\$ -
272	+ Accumulated Amortization of CIAC			\$ -	\$ -	\$ -
281	- Accumulated Deferred Income Tax			\$ -	\$ -	\$ -
	- Excess Capacity			\$ -	\$ -	\$ -
	= NET RATE BASE INVESTMENT	\$ -	\$ -	\$ -	\$ 72,983	\$ 72,983
	Plus: (working capital)					
151	Materials and Supplies Inventory			\$ -	\$ -	\$ -
	Working Cash (Total Op Exp /12)			\$ -	\$ 741	\$ 741
	TOTAL RATE BASE	\$ -	\$ -	\$ -	\$ 73,723	\$ 73,723
	Rate of Return	0.00%		0.00%		8.90%

ORDER NO. 18 149

Mountain Home Water District
Docket No. UW 172
Test Year: 2016

Adjustment Summary

	Company Proposed Totals	Staff Adjustments to Company Totals	Staff Proposed Totals	Explanation of Adjustment
REVENUES				
Unmetered	\$ 20,100	\$ (615)	\$ 19,485	
Residential	\$ -	\$ -	\$ -	
Commercial	\$ -	\$ -	\$ -	
Fire Protection Sales	\$ -	\$ -	\$ -	
Irrigation Water Sales	\$ -	\$ -	\$ -	
Water Sales for Resale	\$ -	\$ -	\$ -	
Miscellaneous Services	\$ -	\$ -	\$ -	
Cross Connection Control	\$ -	\$ -	\$ -	
Other	\$ -	\$ -	\$ -	
Total Revenue	\$ 20,100	\$ (615)	\$ 19,485	
Acct. 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	\$ 1,680	\$ -	\$ 1,680	Actual numbers
616 Fuel for Power Production	\$ -	\$ -	\$ -	
617 Other Utilities	\$ -	\$ -	\$ -	
618 Chemical / Treatment Expense	\$ -	\$ -	\$ -	
619 Office Supplies	\$ -	\$ -	\$ -	
619.1 Postage	\$ -	\$ -	\$ -	
620 O&M Materials/Supplies	\$ -	\$ -	\$ -	
621 Repairs to Water Plant	\$ -	\$ 400	\$ 400	Based on new well in service 2016. Majority of infrastructure 1 year old.
631 Contract Svcs - Engineering	\$ -	\$ -	\$ -	
632 Contract Svcs - Accounting	\$ -	\$ -	\$ -	
633 Contract Svcs - Legal	\$ 9,900	\$ (8,700)	\$ 1,200	\$100 per month
634 Contract Svcs - Management Fees	\$ -	\$ -	\$ -	
635 Contract Svcs - Testing	\$ 120	\$ 30	\$ 150	Actual invoice amount
636 Contract Svcs - Labor	\$ -	\$ -	\$ -	
637 Contract Svcs - Billing/Collection	\$ -	\$ -	\$ -	
638 Contract Svcs - Meter Reading	\$ -	\$ -	\$ -	
639 Contract Svcs - Other	\$ 5,400	\$ -	\$ 5,400	
641 Rental of Building/Real Property	\$ -	\$ -	\$ -	
642 Rental of Equipment	\$ -	\$ -	\$ -	
643 Small Tools	\$ -	\$ -	\$ -	
648 Computer/Electronic Expenses	\$ -	\$ -	\$ -	
650 Transportation	\$ -	\$ -	\$ -	
656 Vehicle Insurance	\$ -	\$ -	\$ -	
657 General Liability Insurance	\$ -	\$ -	\$ -	
658 Workers' Comp Insurance	\$ -	\$ -	\$ -	
659 Insurance - Other	\$ -	\$ -	\$ -	
666 Amortz. of Rate Case	\$ -	\$ -	\$ -	Removed amortization of reate case
667 Gross Revenue Fee (PUC)	\$ -	\$ 58	\$ 58	Automatic calculation
670 Bad Debt Expense	\$ -	\$ -	\$ -	
671 Cross Connection Control Program	\$ -	\$ -	\$ -	
673 Training and Certification	\$ -	\$ -	\$ -	
674 Consumer Confidence Report	\$ -	\$ -	\$ -	
675 Miscellaneous Expense	\$ -	\$ -	\$ -	
OE1 Contingency Account	\$ 3,000	\$ (3,000)	\$ -	Removed due to ROR
OE2 Other Expense 2	\$ -	\$ -	\$ -	
OE3 Other Expense 3	\$ -	\$ -	\$ -	
OE4 Other Expense 4	\$ -	\$ -	\$ -	
OE5 Other Expense 5	\$ -	\$ -	\$ -	
TOTAL OPERATING EXPENSE	\$ 20,100	\$ (11,212)	\$ 8,888	
OTHER REVENUE DEDUCTIONS				
403 Depreciation Expense	\$ -	\$ 2,332	\$ 2,332	Plant worksheet received 10-6-17
406 Amort of Plant Acquisition Adjustment	\$ -	\$ -	\$ -	
407 Amortization Expense	\$ -	\$ -	\$ -	
408.11 Property Tax	\$ -	\$ -	\$ -	Removed property tax
408.12 Payroll Tax	\$ -	\$ -	\$ -	
408.13 Other	\$ -	\$ -	\$ -	
409.10 Federal Income Tax	\$ -	\$ 1,158	\$ 1,158	Automatic calculation
409.11 Oregon Income Tax	\$ -	\$ 545	\$ 545	Automatic calculation
409.13 Extraordinary Items Income Tax	\$ -	\$ -	\$ -	
TOTAL REVENUE DEDUCTIONS	\$ 20,100	\$ (7,176)	\$ 12,924	
Net Operating Income	\$ -	\$ 6,561	\$ 6,561	
UTILITY RATE BASE				
101 Utility Plant in Service	\$ -	\$ 77,969	\$ 77,969	Less \$7,340 for repairs prior to drilling new well
105 Construction Work in Progress	\$ -	\$ -	\$ -	
108 - Accumulated Depreciation of Plant	\$ -	\$ 4,986	\$ 4,986	Calculated from plant worksheet
271 - Contributions in Aid of Construction	\$ -	\$ -	\$ -	
272 + Accumulated Amortization of CIAC	\$ -	\$ -	\$ -	
281 - Accumulated Deferred Income Tax	\$ -	\$ -	\$ -	
- Excess Capacity	\$ -	\$ -	\$ -	
= NET RATE BASE INVESTMENT	\$ -	\$ 72,983	\$ 72,983	
Plus: (working capital)				
151 Materials and Supplies Inventory	\$ -	\$ -	\$ -	
Working Cash (Total Op Exp /12)	\$ -	\$ 741	\$ 741	
TOTAL RATE BASE	\$ -	\$ 73,723	\$ 73,723	
Rate of Return	0.00%	0.00%	8.90%	Used in latest two rate cases UW 169 and 170

Rate Design**Unmetered**Revenue Allocation: **19,485**

Allocated to Base Rates: 100.00%
 Allocated to Commodity Rates: 0.00%

Base RatesRevenue Allocation: **19,485**

Meter Size	Customers	Factors	Customer Equivalency	% of Total	Revenue Allocation	Base Rate
Unmetered	3	1.0	3	100.00%	\$ 19,485	\$ 541.26
TOTAL	3		3	100.00%	\$ 19,485	

Commodity RateRevenue Allocation: **-**

Annual Consumption
 Unit of Measurement
 Annual Units of Consumption

	Cubic Feet
100	Cubic Feet
-	Units

Commodity Rate:

\$	-	per unit
----	---	----------

Mountain Home Water District
Docket No. UW 172
Test Year: 2016

Invested Plant

Acct No.	Account Description	Date Acquired	Utility Plant Orig Cost	Less Excess Capacity Adj to Plant	Total Adj Plant	NARUC Asset Life	Annual Deprec	Final Month of Deprec	2016	Accum. Deprec. Ending 2016	Remaining Plant
301	Organization	Various	-	-	-	-	-	Various	-	-	-
302	Franchises	Various	-	-	-	-	-	Various	-	-	-
303	Land and Land Rights	Various	-	-	-	-	-	Various	-	-	-
304	Structures and Improvements	Various	9,145	-	9,145	35	261	Various	174	174	8,971
	Pump House Rebuild	May 2016	9,145		9,145	35	261	Apr 2051	174	174	8,971
					-	35	-		-	-	-
					-	35	-		-	-	-
305	Collecting and Impounding Reservoirs	Various	-	-	-	50	-	Various	-	-	-
306	Lake, River and Other Intakes	Various	-	-	-	35	-	Various	-	-	-
307	Wells and Springs	Various	38,156	-	38,156	25	1,526	Various	1,145	1,145	37,011
308	Infiltration Galleries and Tunnels	Various	-	-	-	25	-	Various	-	-	-
309	Supply Main	Various	9,099	-	9,099	50	182	Various	163	1,061	8,038
	New lines to pump house	Apr 2016	3,866		3,866	50	77	Mar 2066	58	58	3,808
	Pressure tanks	Jun 2007	5,233		5,233	50	105	May 2057	105	1,003	4,230
					-	50	-		-	-	-
					-	50	-		-	-	-
310	Power Generation Equipment	Various	3,049	-	3,049	30	102	Various	102	296	2,753
	New drive	Feb 2014	3,049		3,049	30	102	Jan 2044	102	296	2,753
					-	30	-		-	-	-
					-	30	-		-	-	-
					-	30	-		-	-	-
311	Pumping Equipment	Various	16,307	-	16,307	20	815	Various	675	1,738	14,569
	New Pump	Apr 2016	11,210		11,210	20	561	Mar 2036	420	420	10,790
	Pump controller	Jun 2012	3,935		3,935	20	197	Jun 2032	197	902	3,033
	Booster pump	Jul 2010	649		649	20	32	Jun 2030	32	211	438
	Clamp supports	Jan 2009	513		513	20	26	Dec 2028	26	205	308

Invested Plant, cont.

320	Water Treatment Equipment	Various	-	-	-	20	-	Various	-	-	-
330	Distribution Reservoir and Standpipes	Various	-	-	-	50	-	Various	-	-	-
331	Transmission and Distribution Mains	Various	-	-	-	50	-	Various	-	-	-
333	Services	Various	-	-	-	30	-	Various	-	-	-
334	Meters and Meter Installations	Various	-	-	-	20	-	Various	-	-	-
335	Hydrants	Various	-	-	-	40	-	Various	-	-	-
336	Cross Connection Control	Various	-	-	-	15	-	Various	-	-	-
339	Other Plant	Various	2,213	-	2,213	30	74	Various	74	572	1,641
	Sounding tube	Apr 2009	2,213	-	2,213	30	74	Mar 2039	74	572	1,641
					-	30	-		-	-	-
					-	30	-		-	-	-
					-	30	-		-	-	-

340	Office Furniture and Equipment	Various	-	-	-	20	-	Various	-	-	-
341	Transportation Equipment	Various	-	-	-	7	-	Various	-	-	-
343	Tools, Shop, and Garage Equipment	Various	-	-	-	15	-	Various	-	-	-
344	Laboratory Equipment	Various	-	-	-	15	-	Various	-	-	-
345	Power Operated Equipment	Various	-	-	-	10	-	Various	-	-	-
346	Communication Equipment	Various	-	-	-	10	-	Various	-	-	-
347	Electronic/Computer Equipment	Various	-	-	-	5	-	Various	-	-	-
348	Miscellaneous Equipment	Various	-	-	-	10	-	Various	-	-	-

TOTALS	Various	77,969	-	77,969	Various	2,960	Various	2,332	4,986	72,983
--------	---------	--------	---	--------	---------	-------	---------	-------	-------	--------

Original Plant In Service Cost	77,969
Less: Excess Capacity	-
"Used & Useful" Plant	77,969
Less Accum Depreciation	4,986
NET PLANT	72,983

Depreciation Expense	2,332
----------------------	-------