

**PUBLIC UTILITY COMMISSION OF OREGON
STAFF REPORT
PUBLIC MEETING DATE: AUGUST 28, 2018**

REGULAR CONSENT EFFECTIVE DATE SEPTEMBER 11, 2018

DATE: August 9, 2018

TO: Public Utility Commission

FROM: Joan Grindeland

THROUGH: Jason Eisdorfer, Bryan Conway, and Bruce Hellebuyck

SUBJECT: AVION WATER COMPANY, INC.: (Docket No. ADV 817/
Advice No. 18-04) Revises Tariff Schedule No. 1 to tie the monthly City
Franchise Fee directly to the percent rate charged by the City.

STAFF RECOMMENDATION:

The Public Utility Commission of Oregon (Commission) approve Avion Water Company, Inc. (Avion or Company) Advice No. 18-04, to become effective with service rendered on and after September 11, 2018.

DISCUSSION:

Issue

Whether the Commission should approve Avion's Advice 18-04, which revises its tariff Schedule No. 1 to tie the monthly City of Bend (City) franchise fee directly to the actual percentage rate charged by the City, rather than specifying a percentage rate that changes at the discretion of the City and therefore must be updated by the Commission when the City makes revisions.

Applicable Law

ORS 757.205 requires each public utility to file with the Commission schedules showing all rates, tolls, charges, rules, and regulations that pertain to service performed by the public utility. Tariff revisions or corrections may be made by filing revised sheets with the information required under the Commission's administrative rules, including OAR 860-036-2000 and OAR 860-036-2010. Filings that make any change in rates, tolls, charges, rules, or regulations must be filed with the Commission at least 30 days

prior to the effective date of changes; however, the Commission has the discretion to approve tariff filings on less than statutory notice.

Analysis

On July 11, 2018, Avion filed a request to revise the special provisions for tariff sheet No. 3 Schedule No. 1, from the actual percentage rate charged by the City for the monthly franchise fee from 3 percent to tie directly to the percentage rate the City is charging at any given time. Changing the tariff to tie directly to the charged amount will allow the Company to apply the current percentage rate charged without having to file a revised tariff sheet when the rate is changed by the City.

The City only assesses the franchise fee on residential and commercial water sales for customers residing within the city limits of Bend. Rates for other miscellaneous customer specific revenues (disconnection fees, service connections fees, etc.) are not to be used in the calculation of the franchise fee. In Docket No. UW 115/Advice 06-12, the Commission granted the 3 percent franchise fee and it is consistent with the rule language in OAR 860-022-0040 Relating to City Fees, Taxes, and Other Assessments Imposed Upon Electric, Gas, and Steam Heat Utilities.¹

Conclusion

Based on its review of Avion's Advice 18-04, Staff concludes that the tariff sheet does not request a change to currently approved rates, tolls and charges, and is consistent with the current status of the tariff as previously approved by the Commission. The proposed change is simply a "housekeeping" change that will obviate the need for the Company to file, Staff to review, and the Commission to approve a tariff change associated with the City changing its franchise fee rates.

PROPOSED COMMISSION MOTION:

Approve Avion's Advice No. 18-04 to update its Schedule No. 1 tariff, effective with service rendered on and after September 11, 2018.

Avion 18-04

¹ Public Meeting Memo Regular Agenda Item No. 4 February 14, 2006