



AVION WATER CO INC.

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January 21, 2021

Advice Letter No. 21-01

Filing Center
Oregon Public Utility Commission
201 High St SE
Salem, OR 97301

RE: Revised Schedule 8 Fee

Avion Water Company submitted Advice 21-01 (Schedule 8) to the Public Utility Commission on 01/21/2021. The purpose of this filing is to modify the Schedule 8 CIAC Tax Fee to accommodate potential midyear changes in state and federal tax rates with retroactive provisions.

The recent political changes make future alterations to the federal tax code more likely. The proposed changes to Schedule 8 are intended to ensure that Avion and its ratepayers are neither benefitting from nor harmed by retroactive changes to the tax code. These changes are consistent with the principle that development should not harm existing customers, and that costs of development should be born by developers. It also addresses issues of fairness to developers in that developers are charged based upon the actual tax rate applied to their CIAC contribution.

Please direct any questions or notifications of action taken on this filing to Adam Jackson at (541) 382-5342 or adam@avionwater.com.

Sincerely,

/s/

Adam Jackson
Avion Water Company, Inc.

SCHEDULE NO. 8

CIAC TAX FEE

AVAILABLE: To customers of the Utility

APPLICABLE: To developers of projects using the Utility's water service.

Any individual or entity making a cash (see schedule 7, 12, 15) or plant contribution (CIAC) to Avion Water Company will be assessed a fee to pay for the associated federal and state income tax consequences to Avion for accepting the CIAC.

If a plant CIAC is being contributed, the developer will provide to Avion Water Company the cost of the CIAC.

The additional fee will be calculated based on the following formula:

$$\text{Fee} = [\text{CIAC}/(1-\text{tax rate})]-\text{CIAC}$$

$$\text{The tax rate} = \text{Federal tax rate} \times (1-\text{Oregon corporate tax rate}) + \text{Oregon corporate tax rate}$$

The fee shall be based upon the actual tax rate that Avion pays on the contributed plant.

If a tax rate change occurs following collection of this schedule 8 fee, and has a retroactive effective date such that an amount previously collected is not consistent with the tax rate that will actually be paid on the CIAC:

1. Avion will refund any excess portion of the CIAC tax collected.
2. The CIAC contributor shall pay any additional monies required to pay the taxes on the contributed plant based on the new tax rate.

Avion will refund any CIAC tax collected under this schedule if tax law changes do not require Avion to pay the taxes on CIAC.

Issue Date		Effective for Service on or after	February 28, 2021
Issued By	AVION WATER COMPANY, INC.		