

**PUBLIC UTILITY COMMISSION OF OREGON  
STAFF REPORT  
PUBLIC MEETING DATE: December 28, 2023**

**REGULAR**  **CONSENT**  **EFFECTIVE DATE** January 1, 2024

**DATE:** December 12, 2023

**TO:** Public Utility Commission

**FROM:** Steph Yamada

**THROUGH:** Bryan Conway and Marc Hellman **SIGNED**

**SUBJECT:** AVION WATER COMPANY:  
(Docket No. ADV 1579/Advice No. 23-03)  
Implements a Commodity Power Cost Adjustment.

**STAFF RECOMMENDATION:**

Staff recommends that the Commission allow Avion Water Company's (Avion or Company) filed tariff sheets, which implement a Commodity Power Cost Adjustment (CPCA), to become effective for service rendered on and after January 1, 2024, with less than statutory notice.

**DISCUSSION:**

Issue

Whether the Commission should allow Avion's filed tariff sheets to become effective with less than statutory notice.

Applicable Rule or Law

Under ORS 757.205(1)-(2), a rate-regulated water utility must file schedules showing all rates, tolls, and charges for any service performed by it within the state and all rules and regulations that in any manner affect its rates.

Pursuant to ORS 757.210, the Commission may approve tariff changes if they are deemed to be fair, just, and reasonable. Tariff revisions may be made by filing revised sheets with the information required under the Commission's administrative rules, including OAR 860-036-2010.

ORS 757.220, requires that filings proposing any change in rates, tolls, charges, rules, or regulations must be filed with the Commission at least 30 days before the effective date of the change.

### Analysis

#### *Background*

Avion is a rate- and service-regulated water utility serving approximately 15,000 customers in the vicinity of Bend, Oregon. With this filing, Avion proposes to implement a CPCA, as allowed under Schedule 9 of the Company's current tariff.

The filing was submitted on December 6, 2023, which is less than 30 days prior to the proposed effective date. Consequently, the Company also filed a Less than Statutory Notice (LSN) form in this docket. Staff notes that Avion asked Staff to review a draft of this filing prior to submission, and Staff provided its response after the Company's originally anticipated filing date of December 1, 2023. Staff's review period was not shortened by the delayed filing, and Staff finds that the LSN should be granted.

#### *Analysis*

Schedule 9 of Avion's current tariff is an "Automatic Adjustment Clause" as defined in ORS 757.210. This schedule enables Avion to revise its rate schedules to reflect increases or decreases in the Company's purchased commodity power cost. The adjustments may be shown in Schedules 1 and 2 or may be incorporated directly in the applicable rate schedules. If the Company elects to file for power cost increases, it is also obligated to file for decreases in power costs. The present filing represents Avion's first implementation of the Schedule 9 CPCA.

With the present filing, Avion proposes to add a CPCA of \$0.05 per 100 cubic feet (CF) to Schedule 1 of its tariff (Residential and Commercial Metered Rates). As described in Schedule 9, the CPCA is to be calculated as the current per-unit power cost, multiplied by the percentage increase implemented by the power provider, multiplied by the percentage of the Company's applicable electricity provided by the power provider in question.

Avion's current rates include a per-unit power cost of \$0.226 per 100 CF for Schedule 1 domestic service. This figure is computed by dividing the 2022 total domestic power cost of \$870,976 by 2021 consumption of 3,846,172 units, as used in the Company's most recent rate case (UW 193). The Company submitted information showing that its domestic power cost for the first 10 months of 2023 totaled \$872,814—extrapolated to a full 12 months, this would represent a total 2023 power cost of \$1,047,377, or \$0.272 per unit. The difference between the 2023 per-unit power cost and the amount currently

included in rates is \$0.046 per unit, which rounds to the Company's proposed CPCA of \$0.05 per unit. For a typical residential customer with a 5/8" meter using 1,753 CF of water monthly, this rate change will represent an increase of \$0.88, or approximately 1.9 percent per month.

While the proposed methodology for calculating the power cost does not exactly match that described in the tariff, Staff concludes that both methodologies are effectively the same. Specifically, both methodologies rely on the current per-unit power cost as the basis for the calculation and adjust that figure to reflect purchased power increases implemented since the last rate revision.

Avion also proposes to add a monthly CPCA of \$1.09 per acre foot of water to Schedule 2 of its tariff (Irrigation Delivery Rates). This is computed in a similar manner to the domestic CPCA. Specifically, the current irrigation rate includes a power cost of \$56.926 per acre foot of water annually, which is computed by dividing the 2022 power cost of \$43,032 by 756-acre feet of water. The Company submitted information showing that its irrigation power cost for the first 10 months of 2023 totaled \$44,130—extrapolated to a full 12 months, this would represent a total 2023 power cost of \$52,956, or \$70.054 per unit. The difference between the new and current amount is \$13.128 per unit annually, or \$1.09 per month, which is the amount of Avion's proposed irrigation CPCA.

The Company has reviewed a draft of this memo and noted no concerns.

### Conclusion

Staff reviewed the Company's cost documentation and proposed calculation methodologies. Staff finds that Avion's requested CPCA rates are allowed under Schedule 9 of the Company's current tariff and should be allowed to become effective.

### **PROPOSED COMMISSION MOTION:**

Allow Avion's filed tariff sheets to become effective for service rendered on and after January 1, 2024, on less than statutory notice.