

1 **BEFORE THE PUBLIC UTILITY COMMISSION**  
2 **OF OREGON**

3 UW 182

4 In the Matter of  
5 OREGON WATER UTILITIES – CLINE  
6 BUTTE, INC.  
7 Request for a General Rate Revision

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STIPULATION

8 This Stipulation is among Oregon Water Utilities – Cline Butte, Inc. (CB or the  
9 Company), intervenors Mike DeWolf and Bill Wordley both representing Ridge at Eagle Crest  
10 Owner’s Association (RECOA), and the Public Utility Commission of Oregon Staff (Staff)  
11 (hereafter, collectively referred to as the Stipulating Parties). At the time this Stipulation was  
12 filed there were no other parties to this proceeding.

13 **I. INTRODUCTION**

14 On September 30, 2020 CB filed a request for a General Rate Revision. In its application,  
15 CB sought to increase its adjusted test period revenues from \$1,109,430 to \$1,205,136, an  
16 increase of 8.63 percent. On December 28, 2020 CB filed an errata related to Test Year annual  
17 revenues. With this change, CB sought to increase its adjusted test period revenues from  
18 \$1,092,763 to \$1,205,136, an increase of 10.28 percent.

19 The Stipulating Parties reviewed the Company’s filing and responses to data requests  
20 from Staff and intervenors and held two settlement conferences to discuss and address the issues  
21 in this case. As a result of those discussions, the Stipulating Parties have reached agreement on  
22 all issues as set forth in this Stipulation. The Stipulating Parties respectfully request that the  
23 Commission issue an order adopting this Stipulation.

24 **II. TERMS OF THE STIPULATION**

25 1. Revenue Requirement. The Stipulating Parties agree to recommend and support a  
26 total revenue requirement of \$1,190,522, as shown in Attachment A, to be collected in rates as

1 set forth in Attachment B to this Stipulation. This revenue requirement includes an agreed-upon  
2 7.04 percent rate of return on a total rate base of \$4,452,730, and represents an 8.95 percent  
3 increase over 2019 errata adjusted test period revenues. The stipulated revenue requirement and  
4 adjustments are included as Attachment A to this Stipulation.

5 2. Rate Effective Date. The Stipulating Parties agree to and support rates being  
6 effective for service rendered on and after May 1, 2021 or three business days after the date the  
7 Commission issues an order adopting this Stipulation, whichever is later.

8 3. Rate Base and Accumulated Depreciation. The Stipulating Parties agree that  
9 stipulated rates in this case reflect rate base additions from the Company's last rate case through  
10 2019 and accumulated depreciation through December 31, 2019 associated with these rate base  
11 assets. The Stipulating Parties further agree that CB's capital additions are used and useful and  
12 prudent as of the rate-effective date in this case.

13 4. Schedule Changes. The Stipulating Parties agreed to combine current Tariff  
14 Schedule Nos. 1&2 for Residential and Commercial/Industrial customers, respectively, into a  
15 single Tariff Schedule for Residential/Commercial/Industrial Metered Rates (RCIMR).  
16 Additionally, as noted below, CB will add a new Schedule related to a Commodity Power Cost  
17 Adjustment (CPCA). The Stipulating Parties agreed to CB's proposal to add tariff rates for all  
18 meter sizes for all customer classes, using American Water Works Association (AWWA) meter  
19 equivalency, to allow for new customers that require those meter sizes to receive service without  
20 the need for a new tariff filing.

21 5. AWWA Factors. The Stipulating Parties agreed to use all but one of the standard  
22 AWWA factors to calculate the new Schedule No. 1, RCIMR, base rates in this case. The  
23 Stipulating Parties agree to work toward meter equivalency as appropriate in the Company's  
24 future rate cases.

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1           6.       Commodity Power Cost Adjustment. The Stipulating Parties agreed to include  
2 CB's proposed CPCA, which is the proposed Schedule 6 in the Application, with the following  
3 changes:

4           a. The CPCA will be limited to a \$0.03 increase to the Commodity rate per customer  
5 class per incidence of rate increase from the power supplier;

6           b. The CPCA will be collected through an equal increase to the commodity rates (i.e., the  
7 cents per ccf charge) paid by all customers; and

8           c. CB will pass back the full amount of any decrease in power cost from the power  
9 supplier.

10          7.       Accumulated Deferred Income Taxes and Excess Deferred Income Taxes. Staff  
11 and CB agree to, prior to the next rate case, work toward developing the appropriate treatment of  
12 Accumulated Deferred Income Tax (ADIT) and Excess Deferred Income Tax (EDIT) in future  
13 rate cases.

14          8.       The Stipulating Parties agree that this Stipulation is in the public interest and, in  
15 the unique circumstances present in this case, will result in rates that are fair, reasonable, and  
16 will meet the standard set forth in ORS 756.040.

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

19          10.       The Stipulating Parties agree that the Stipulation represents a compromise in the  
20 positions of the Stipulating Parties. By entering into this Stipulation, no Stipulating Party shall  
21 be deemed to have approved, accepted, or consented to the facts, principles, methods, or theories  
22 employed by any other Stipulating Party in arriving at the terms of this Stipulation.

23          11.       The Stipulating Parties agree that without the written consent of all Stipulating  
24 Parties, evidence of conduct or statements, including but not limited to term sheets or other  
25 documents created solely for use in settlement conferences in this docket, and conduct or  
26 statements made at settlement conferences, are confidential and not admissible in this or any

1 subsequent proceeding, unless independently discoverable or offered for other purposes allowed  
2 under ORS 40.190.

3 12. The Stipulating Parties support entering into evidence, without requiring any  
4 Stipulating party to lay a foundation for its admission, this Stipulation, Staff's written testimony  
5 in support of the Stipulation (Exhibit Staff/100), and additional supporting exhibits (Exhibits  
6 Staff/101, Staff/102, and Staff/103).

7 13. The Stipulating Parties understand that this Stipulation addresses only CB's  
8 request for a general rate increase in this instance, is not binding on the Commission in deciding  
9 CB's application for a general rate increase, and does not foreclose the Commission from  
10 addressing any other issues or foreclose a Stipulating Party from raising other issues in a  
11 different proceeding.

12 14. The Stipulating Parties have negotiated this Stipulation as an integrated  
13 document. Accordingly, if the Commission rejects all or any material portion of this Stipulation,  
14 or adds any material condition to any final order that is not consistent with this Stipulation, each  
15 Stipulating Party reserves the right, upon written notice to the Commission and all parties to this  
16 proceeding within 15 days of the date of the Commission's final order, to withdraw from the  
17 Stipulation and to present additional evidence and argument on the record. However, prior to  
18 withdrawal, any Stipulating Party who wishes to withdraw must engage in good faith negotiation  
19 with the other Stipulating Parties. No Stipulating Party withdrawing from this Stipulation shall  
20 be bound to any position, commitment, or condition of this Stipulation. Nothing in this  
21 paragraph provides any Stipulating Party the right to withdraw from this Stipulation as a result of  
22 the Commission's resolution of issues that this Stipulation does not resolve.


23 15. The Stipulating Parties agree to support Commission approval of the Stipulation,  
24 throughout this proceeding and any subsequent appeal, and to provide witnesses to sponsor  
25 testimony. If any other party to this proceeding challenges this Stipulation or if any other  
26 interested person objects to this Stipulation in comments, the Stipulating Parties agree to

1 cooperate in responding to bench requests, preparing supplemental testimony, and participating  
2 in cross-examination and to put on such a case as they deem appropriate to respond fully to the  
3 issues presented, which may include addressing issues incorporated in the settlements embodied  
4 in this Stipulation.

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

8

9 DATED: February 24, 2021 /s/Jill Goatcher  
10 Jill D Goatcher OSB # 202294  
11 Assistant Attorney General  
12 Of Attorneys for Staff of the Public Utility  
Commission of Oregon

13 DATED: February 26, 2021   
14 Irion Sanger OSB # 003750  
15 Of Attorney for Oregon Water Utilities –  
Cline Butte, Inc.

16 DATED: \_\_\_\_\_  
17 \_\_\_\_\_  
18 Mike DeWolf  
19 Of RECOA

20 DATED: \_\_\_\_\_  
21 \_\_\_\_\_  
22 Bill Wordley  
23 Of RECOA

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Of Attorney for Oregon Water Utilities –  
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DATED: 2/25/2021 Michael DeWolf  
Mike DeWolf  
Of RECOA

DATED: \_\_\_\_\_ Bill Wordley  
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Cline Butte, Inc.

DATED: \_\_\_\_\_ Mike DeWolf  
Of RECOA

DATED: 2/25/2021 William F. Wordley  
Bill Wordley  
Of RECOA