

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

3 UW 195

4 In the Matter of

5 SALMON VALLEY WATER COMPANY,

6 Request for a General Rate Revision.

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STIPULATION

8 This Stipulation is by and between Salmon Valley Water Company (“Salmon Valley” or
9 the “Company”) and Staff of the Public Utility Commission of Oregon (“Staff”) (hereafter,
10 collectively referred to as the “Stipulating Parties”). Intervenors Brian Lauterbach and Marie
11 Lauterbach (“collectively, the “Intervenors”) have informed the Stipulating Parties that the
12 Intervenors have chosen not to join this Stipulation but confirmed with the Stipulating Parties
13 and ALJ Mapes at the July 27, 2023 scheduling conference that they will not oppose the
14 stipulation. The Stipulating Parties and Intervenors collectively are all of the “Parties” to this
15 proceeding.

16 **I. INTRODUCTION**

17 On February 27, 2023, Salmon Valley filed a request for a General Rate Revision, with
18 proposed rates to become effective on August 1, 2023. The Company requested to increase its
19 revenues from \$537,005 to \$1,063,178, or an increase of \$526,172 (98.0 percent). Salmon
20 Valley selected a test year of October 1, 2021, to September 30, 2022. By Order No. 23-098,
21 entered March 20, 2023, Chief Administrative Law Judge Moser suspended the effective date for
22 a period of time not to exceed nine months from the proposed effective date.

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

3 II. TERMS OF THE STIPULATION

4 1. Revenue Requirement. The Stipulating Parties agree to recommend and support a
5 total revenue requirement of \$998,089, as shown in Attachment A to this Stipulation, to be
6 collected in rates as set forth in Paragraph 2 of and Attachment B to this Stipulation. This
7 revenue requirement includes an agreed-upon 7.4975 percent rate of return on a total rate base of
8 \$3,742,349, and represents an increase of \$461,084, or 85.86 percent, over test period revenues
9 of \$537,005 included in the Company's application. The stipulated revenue requirement and
10 adjustments are included for review as Attachment A to this Stipulation.

11 2. Rate Effective Date. The Stipulating Parties agree to and support rates becoming
12 effective on September 1, 2023.

13 3. Rate Base. The Stipulating Parties agree that the stipulated rates in this case
14 reflect the following rate base adjustments:

15 A. Utility Plant in Service (Account 101) and Construction Work in Progress
16 (Account 105). The Stipulating Parties agree that utility plant in service ("UPIS") includes all
17 rate base additions from the Company's last rate case through the Company's filing of this rate
18 case and all rate base additions that have been completed and in-service to date. The Stipulating
19 Parties agree that Salmon Valley's additions to rate base are prudent. The Stipulating Parties
20 agree that these actions result in a total UPIS of \$4,775,161, which reflects an adjustment to
21 UPIS to address Contributions in Aid of Construction ("CIAC") in addition to invested plant,
22 and a total construction work in progress of \$287,128.

23 B. Wells and Springs (Account 307). An adjustment of (\$200) to remove late
24 fees.

25 C. Other Plant (Account 339). An adjustment of (\$1,100) to remove a duplicate
26 invoice.

1 D. Miscellaneous Equipment (Account 348). An adjustment of (\$10,786) to remove
2 duplicate entries.

3 E. Accumulated Depreciation (Account 108). An adjustment of \$339,501 to
4 reflect the addition of CIAC depreciation, conforming adjustments to UPIS amounts and seven
5 months of 2023 depreciation for the inclusion of plant through August 1, 2023.

6 F. Accumulated Amortization of CIAC (Account 272). An adjustment of \$4,243
7 to reflect seven months of 2023 depreciation for the inclusion of plant through August 1, 2023.

8 G. Accumulated Deferred Income Tax (Account 281). An adjustment of \$3,458
9 to the Deferred Tax Liability to reflect adjustments to UPIS, accumulated depreciation and a Net
10 Operating Loss (NOL) carryforward.

11 H. Working Capital. An adjustment of (\$67) to reflect the amount of
12 operating expenses agreed upon by the Stipulating Parties.

13 4. Operating Expense Adjustments. The Stipulating Parties agree that the stipulated
14 rates in this case reflect the following operating expense adjustments:

15 A. Salaries and Wages – Employees (Account 601). An adjustment of (\$32,378)
16 to modify an amount in “Other Wages” and remove an amount being capitalized.

17 B. Employee Pension & Benefits (Account 604). An adjustment of (\$89) to
18 reflect the adjustment to Salaries and Wages – Employees (Account 601).

19 C. Contract Services – Other (Account 639). An adjustment of (\$63) to
20 remove late fees.

21 D. PUC Gross Revenue Fee (Account 667). An adjustment of (\$281) to
22 reflect the revenues generated by this Stipulation.

23 E. Miscellaneous Expense (Account 675). An adjustment of \$1,878 to reflect
24 the amortization of the master plan in the test year and to remove an amount relating to Meals &
25 Entertainment.

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1 F. Capitalized Labor (OE 1). An adjustment of \$30,128 to reflect capitalized
2 labor being removed directly from the relevant expense accounts.

3 5. Other Revenue Deductions. The Stipulating Parties agree that the stipulated rates
4 in this case reflect the following adjustments to other revenue deductions:

5 A. Depreciation Expense (Account 403). An adjustment of (\$2,316) to
6 reflect conforming changes.

7 B. Property Tax (Account 408.11), Payroll Tax (Account 408.12), Other Tax
8 (Account 408.13), Federal Income Tax (Account 409.10) and Oregon Income Tax (Account
9 409.11). A total adjustment of (\$35,026).

10 6. Revisions to Tariff. The Stipulating Parties agree to recommend and support the
11 tariff revisions proposed by the Company in this rate case, with the rates adjusted to reflect this
12 Stipulation including the Rate Spread and Rate Design methodologies proposed by Staff. Those
13 tariff revisions and adjusted rates are reflected in Attachment B to this Stipulation. Subject to the
14 approval of this Stipulation, Salmon Valley will file revised tariff pages as a compliance filing in
15 Docket UW 195, to be effective in accordance with Paragraph 2 of this Stipulation, reflecting the
16 rates and terms and conditions as agreed to in this Stipulation. The Company will make that
17 compliance filing within three business days after the Commission order in this proceeding or
18 August 31, 2023, whichever is later.

19 7. The Stipulating Parties agree that this Stipulation is in the public interest and, in
20 the unique circumstances present in this case, will result in rates that are fair, reasonable, and
21 will meet the standard set forth in ORS 756.040.

22 8. The Stipulating Parties have negotiated this Stipulation in good faith and
23 recommend and request that the Commission adopt the Stipulation in its entirety as an
24 appropriate and reasonable resolution to the issues described therein.

25 9. The Stipulating Parties agree that the Stipulation represents a compromise in the
26 positions of the Stipulating Parties. By entering into this Stipulation, no Stipulating Party shall

1 be deemed to have approved, accepted, or consented to the facts, principles, methods, or theories
2 employed by any other Stipulating Party in arriving at the terms of this Stipulation.

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

9 11. The Stipulating Parties support entering into evidence, without requiring any
10 Stipulating Party to lay a foundation for its admission, this Stipulation and its Attachment A
11 (revenue requirement) and Attachment B (tariff book), the joint written testimony of Staff and
12 the Company in support of the Stipulation (Exhibit Stipulating Parties/100), and the following
13 additional supporting exhibits: Exhibits Stipulating Parties/101 (witness qualification
14 statements), Stipulating Parties/102 (summary tables), Stipulating Parties/103 (non-confidential
15 data request responses & attachments), and Stipulating Parties/104 (customer comments).

16 12. The Stipulating Parties understand that this Stipulation addresses only Salmon
17 Valley's request for a general rate increase in this instance, is not binding on the Commission in
18 deciding Salmon Valley's application for a general rate increase, and does not foreclose the
19 Commission from addressing any other issues or foreclose a Stipulating Party from raising issues
20 in a different proceeding.

21 13. The Stipulating Parties have negotiated this Stipulation as an integrated
22 document. Accordingly, if the Commission rejects all or any material portion of this Stipulation,
23 or adds any material condition to any final order that is not consistent with this Stipulation, each
24 Stipulating Party reserves the right, upon written notice to the Commission and all Parties to this
25 proceeding within 15 days of the date of the Commission's final order, to withdraw from the
26 Stipulation and to present additional evidence and argument on the record. However, prior to

1 withdrawal, any Stipulating Party that wishes to withdraw must engage in good faith negotiation
2 with the other Stipulating Parties. No Stipulating Party withdrawing from this Stipulation shall
3 be bound to any position, commitment, or condition of this Stipulation. Nothing in this
4 paragraph provides any Stipulating Party the right to withdraw from this Stipulation as a result of
5 the Commission’s resolution of issues that this Stipulation does not resolve.

6 14. The Stipulating Parties agree to support Commission approval of the Stipulation,
7 throughout this proceeding and any subsequent appeal, and to provide witnesses to sponsor
8 testimony. If any other party to this proceeding challenges this Stipulation or if any other
9 interested person objects to this Stipulation in comments, the Stipulating Parties agree to
10 cooperate in responding to bench requests, preparing supplemental testimony, and participating
11 in cross-examination and to put on such a case as they deem appropriate to respond fully to the
12 issues presented, which may include addressing issues incorporated in the settlements embodied
13 in this Stipulation.

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

16 16. This Stipulation may not be modified or amended except by written agreement by all
17 Stipulating Parties.

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19 This Stipulation is entered into by each Stipulating Party on the date entered next to such
20 Stipulating Party’s signature.

21 DATED: August 3, 2023

/s/ Natascha Smith
Natascha Smith, OSB # 174661
Assistant Attorney General
Of Attorneys for Staff of the Public Utility
Commission of Oregon

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24 DATED: August 3, 2023

/s/ Eric W. Nelsen
Eric W. Nelsen, OSB #192566
Senior Regulatory Attorney, NW Natural
representing Salmon Valley Water Company