



# Oregon

Theodore R. Kulongoski, Governor

## Public Utility Commission

550 Capitol St NE, Suite 215

**Mailing Address:** PO Box 2148

Salem, OR 97308-2148

**Consumer Services**

1-800-522-2404

Local: (503) 378-6600

**Administrative Services**

(503) 373-7394

April 19, 2006

OREGON PUBLIC UTILITY COMMISSION  
ATTENTION: FILING CENTER  
PO BOX 2148  
SALEM OR 97308-2148

RE: **Docket No. UW 112** - In the Matter of RUNNING Y UTILITY COMPANY'S  
Application for a General Rate Increase in the Amount of \$61,976, or 20  
Percent.

Enclosed for electronic filing in the above-captioned docket is the Public Utility  
Commission Staff's Direct Testimony.

*/s/ Kay Barnes*

Kay Barnes  
Regulatory Operations Division  
Filing on Behalf of Public Utility Commission Staff  
(503) 378-5763  
Email: kay.barnes@state.or.us

cc: UM 1129 Service List - parties

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**PUBLIC UTILITY COMMISSION  
OF OREGON**

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**UW 112**

**STAFF DIRECT TESTIMONY OF**

**RENEE SLOAN**

**In the Matter of  
Running Y Utility Company's  
Application for a General Rate Increase in the  
Amount of \$61,976, or 20 Percent.**

**April 19, 2006**

CASE: UW 112  
WITNESS: Renee Sloan

**PUBLIC UTILITY COMMISSION  
OF  
OREGON**

**STAFF EXHIBIT 100**

**Direct Testimony  
In Support of the  
Stipulation**

**April 19, 2006**

1 **Q. PLEASE STATE YOUR NAME AND POSITION.**

2 A. My name is Renee Sloan. My business address is 550 Capitol Street NE  
3 Suite 215, Salem, Oregon 97301-2148. I am employed with the Public Utility  
4 Commission of Oregon (Commission) as a utility analyst assigned to review  
5 regulated water utility general rate case dockets.

6 **Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?**

7 A. The purpose of my Testimony is to introduce and support the Stipulation  
8 entered into by Staff and Running Y Utility Company (RYUC or Company).  
9 The Testimony will (1) summarize RYUC's general rate filing; (2) describe  
10 Staff's analysis of the results of operations; and (3) describe the revenue  
11 requirement, rate spread, and rate designs agreed to by Staff and RYUC  
12 in the Stipulation.

13 **Q. WHO ARE THE PARTIES IN THIS DOCKET?**

14 A. The Parties in this docket are Staff and the Company.

15 **Q. DID YOU PREPARE ANY EXHIBITS FOR THIS DOCKET?**

16 A. Yes. Exhibit No. 100 is Direct Testimony in support of the Stipulation, and  
17 Exhibit No. 101 contains exhibits in support of the Direct Testimony.

18 **Q. HOW IS YOUR TESTIMONY ORGANIZED?**

19 A. The Testimony is organized as follows:  
20 1) Summary of RYUC's rate application;  
21 2) Staff's analysis of RYUC's filing;  
22 3) Staff's adjustments to RYUC's filing; and  
23 4) Summary of the Stipulation agreed to by Staff and RYUC.

1  
2 **SUMMARY OF RUNNING Y UTILITY COMPANY'S RATE APPLICATION**

3 **Q. PLEASE SUMMARIZE THE COMPANY'S GENERAL RATE FILING.**

4 A. RYUC filed an application on January 17, 2006, requesting an increase in  
5 revenues of \$61,976, or 20 percent above 2005 revenues and a 10.6 percent  
6 return on a rate base of \$2,096,928.

7 **Q. WERE ANY ADJUSTMENTS MADE TO RYUC'S FILING?**

8 A. Yes. As shown on the revenue requirement sheet of its application, RYUC did  
9 not properly estimate the revenue effect of customer growth that had occurred  
10 in the test year. The Company's adjustments in Column D (Company Rev  
11 Changes) for residential, commercial, and irrigation customers should have  
12 been placed in Column B (Proposed Adjustments). Staff made those changes  
13 and then inserted the Company's revenue increase amounts into Column D.  
14 This revision resulted in Company Proposed Revenues of \$397,194 and a  
15 1.76 percent rate of return on a Company Proposed rate base of \$3,227,156.

16 **Q. PLEASE DESCRIBE THE COMPANY'S PROPOSED RATES.**

17 A. RYUC serves residential, commercial, irrigation, and golf course customers.  
18 The Company's current rate design allows no consumption in the base rate.  
19 Under the variable rate for residential and commercial customers, Tier 1  
20 includes usage up to 30,000 gallons and Tier 2 includes usage above 30,000  
21 gallons. Variable rates are charged per 1,000 gallons used. In its application,  
22 RYUC did not propose a two-tiered variable rate structure for residential and

1 commercial customers. The tables below show current and RYUC proposed  
2 rates for each customer class and meter size within each class.

**Residential**

<b>Meter Size</b>	<b>Current Base</b>	<b>Proposed Base</b>	<b>Current Tier 1</b>	<b>Proposed Tier 1</b>	<b>Current Tier 2</b>	<b>Proposed Tier 2</b>
3/4" & 5/8"	\$33.00	\$34.00	\$1.10	\$1.27	\$1.45	N/A

3

**Commercial**

<b>Meter Size</b>	<b>Current Base</b>	<b>Proposed Base</b>	<b>Current Tier 1</b>	<b>Proposed Tier 1</b>	<b>Current Tier 2</b>	<b>Proposed Tier 2</b>
3/4" & 5/8"	\$33.00	\$34.00	\$1.20	\$1.58	\$1.59	N/A
1"	\$90.00	\$93.00	\$1.20	\$1.58	\$1.59	N/A
1.5"	\$165.00	\$170.00	\$1.20	\$1.58	\$1.59	N/A
2"	\$392.00	\$404.00	\$1.20	\$1.58	\$1.59	N/A
3"	\$695.00	\$716.00	\$1.20	\$1.58	\$1.59	N/A

4

**Irrigation\***

<b>Meter Size</b>	<b>Current Base (7 months)</b>	<b>Proposed Base (12 months)</b>	<b>Current Variable</b>	<b>Proposed Variable</b>
3/4" & 5/8"	\$17.50	\$18.40	\$0.43	\$0.32
1"	\$30.46	\$27.60	\$0.43	\$0.32
1.5"	\$30.46	\$27.60	\$0.43	\$0.32
2"	\$69.61	\$36.80	\$0.43	\$0.32

5

**Golf Course\***

<b>Meter Size</b>	<b>Current Base (7 months)</b>	<b>Proposed Base (12 months)</b>	<b>Current Variable</b>	<b>Proposed Variable</b>
12"	\$6,227.00	\$3,780.00	\$0.22	\$0.21

6

7 \*Current Irrigation and Golf Course rates are charged for 7 months. Proposed  
8 Irrigation and Golf Course rates are charged for 12 months.

1 **Q. WHEN WAS THE COMPANY'S LAST RATE INCREASE?**

2 A. RYUC's last rate case (UW 92) was filed April 14, 2003. In Order No. 03-569,  
3 dated November 20, 2003, the Commission approved a 6.8 percent increase,  
4 resulting in total revenues of \$229,325 with a 0.81 percent rate of return on a  
5 rate base of \$1,274,930. The Company provides water service to over 500  
6 customers today, compared to 185 customers served in 2003.

7  
8

**STAFF'S ANALYSIS OF THE COMPANY'S RATE FILING**

9 **Q. WHAT ARE THE RESULTS OF STAFF'S ANALYSIS OF THE COMPANY'S**  
10 **APPLICATION FOR A RATE INCREASE?**

11 A. Staff's analysis of the Company's application results in a recommended annual  
12 revenue requirement of \$397,194 with a 4.86 percent return on a rate base of  
13 \$3,090,688.

14 **Q. HOW WAS THE STIPULATED RATE OF RETURN DETERMINED?**

15 A. The Commission has adopted a 10 percent return on equity in recent water  
16 cases as reasonable input for determining rate of return for rate-regulated  
17 water companies; however, based on Staff's analysis supporting a rate base  
18 of \$3,090,688, assuming a revenue requirement of \$397,194 results in a  
19 4.86 percent rate of return. Staff supports this level based on its analysis of  
20 the Company's application, even though Staff's calculation of the Company's  
21 cost of debt and equity would allow the Company the opportunity to earn an  
22 8.57 percent rate of return.

**STAFF ADJUSTMENTS****Q. DID STAFF MAKE ANY ADJUSTMENTS TO THE COMPANY'S TEST****PERIOD REVENUES AND EXPENSES?**

A. Yes. Staff/101, Sloan/2 shows Staff's adjustments and a brief description of each; however, below is further explanation of expense adjustments for O&M Materials and Supplies, Contract Services – Accounting, and General Expense.

**Account No. 620 – O&M Materials & Supplies**

In its application, RYUC stated its test year expense was \$32,173 for O&M Materials & Supplies. After analyzing receipts and other information provided by RYUC, Staff moved \$9,071.10 to Plant Account No. 334 that RYUC included for the purchase of meters and related items. Staff disallowed \$6,961.39 for the purchase of backflow devices and \$5,004.02 for the purchase of pressure reducing valves. RYUC resells these devices to builders and/or customers; therefore, they are not expenses.

**Account No. 675 – General Expense**

RYUC included \$5,298 for After Hours System Alarm Monitoring under General Expense. Upon investigation, it was determined that this amount should be included in the Company's Management and Office Services Agreement under Account No. 632 – Contract Services – Accounting.

**Q. DID STAFF MAKE ADJUSTMENTS TO UTILITY PLANT IN SERVICE?**

A. Yes. After reviewing the Company's Corporate Book of Depreciation and analyzing RYUC's responses to data requests, Staff determined that the



1 Company's utility plant in service was actually \$7,128,392 rather than the test  
2 year amount \$3,038,261 shown in the application.

3 **Q. DID STAFF MAKE ADJUSTMENTS TO ACCUMULATED DEPRECIATION?**

4 A. Yes. Staff's calculation of Accumulated Depreciation, using Average Service  
5 Lives consistent with the method that was originally developed by the National  
6 Association of Regulatory Utility Commissioners, resulted in an Accumulated  
7 Depreciation amount of \$585,674 rather than the test year amount of \$952,510  
8 shown in the application.

9 **Q. WERE THERE ANY ADJUSTMENTS TO NET UTILITY PLANT?**

10 A. Yes. Subtracting accumulated depreciation and excess capacity from Staff's  
11 adjusted utility plant in service of \$7,128,392 resulted in net utility plant of  
12 \$3,081,176 instead of the test year amount of \$2,085,751 shown in the  
13 application.

14 **Q. WHY DID STAFF MAKE EXCESS CAPACITY ADJUSTMENTS TO UTILITY  
15 PLANT IN SERVICE?**

16 A. Typically, if a water system is completely built but serves only a fraction of the  
17 potential customers, some of the investment in the system may be considered  
18 to be not completely used and useful. In the case of RYUC, only a portion of  
19 the residential plant is presently used and useful; therefore, Staff made an  
20 excess capacity adjustment to utility plant as described below and shown in  
21 Staff/101, Sloan/3-4.

1 **Q. HOW IS THE EXCESS CAPACITY ADJUSTMENT DETERMINED?**

2 A. To determine excess capacity, Staff relied on RYUC's Residential Construction  
3 Update. The percentage of excess capacity was calculated by dividing the  
4 number of lots completed by the number of lots platted for each phase shown in  
5 the report. Where possible, Staff applied a specific percentage to each phase  
6 based on number of lots completed in each phase. To determine the current  
7 excess capacity amount for other plant, Staff used an average of all phases.  
8 Staff/101, Sloan/5 shows Staff's calculation of excess capacity percentages.

9 **Q. WHAT IS THE EFFECT OF THE EXCESS CAPACITY ADJUSTMENT ON**  
10 **NET PLANT?**

11 A. Staff recommends the Commission allow net utility plant of \$3,081,176 at this  
12 time. As more customers are added to RYUC's system, a higher level of utility  
13 plant in service should be considered. The Company's application contains a  
14 value of \$2,085,751 for net utility plant.

15

16 **SUMMARY OF THE STIPULATION AGREED TO BY THE PARTIES**

17 **Q. PLEASE DESCRIBE THE REVENUE REQUIREMENT STIPULATED TO BY**  
18 **THE PARTIES.**

19 A. The Stipulation is made up of Staff's recommended revenue requirement  
20 and rates, as shown in RYUC's tariffs attached to the Stipulation. The  
21 Stipulation supports an 8.98 percent increase in revenues for a total revenue  
22 requirement of \$397,194. The Parties also stipulated to a 4.86 percent overall

1 rate of return on a total rate base of \$3,090,688.<sup>1</sup> The Revenue Requirement is  
2 shown in Staff/101, Sloan/1.

3 **Q. WHAT ARE THE STIPULATED RESIDENTIAL RATES?**

4 A. Although RYUC's filing proposed single tiers for residential variable rates, the  
5 Company's current residential rate design consists of two tiers for variable  
6 rates. The Parties agreed to continue using a two-tiered residential variable  
7 rate and to maintain the current Tier 1 level of consumption at 30,000 gallons,  
8 with all usage above 30,000 gallons priced at Tier 2 rates. The Stipulated rate  
9 design keeps the residential base rate at \$33.00. See Staff/101, Sloan/6. The  
10 following table compares current residential rates, RYUC's proposed rates, and  
11 final rates stipulated to by Staff and RYUC:

<b>Residential Rate Design</b>	<b>Current Rates</b>	<b>RYUC Proposed Rates</b>	<b>Staff and RYUC Stipulated Rates</b>
Base	\$33.00	\$34.00	\$33.00
Variable (per 1,000 gal) Tier 1	\$1.10	\$1.57	\$1.35
Variable (per 1,000 gal) Tier 2	\$1.45	N/A	\$1.78
Total Average Monthly Bill	\$40.12	\$44.16	\$41.43

12 Staff/101, Sloan/7 shows the rate impacts of the stipulated residential rates.

13 **Q. WHAT ARE THE STIPULATED COMMERCIAL RATES?**

14 A. RYUC's current commercial variable rate design consists of two tiers, and  
15 although RYUC proposed single tiered commercial variable rates, the Parties  
16 stipulated to continue using a two-tiered variable rate. The Parties also agree  
17 to maintain the current Tier 1 level of consumption at 30,000 gallons, with all

<sup>1</sup> Rate Base equals Net Utility Plant plus Materials & Supplies Inventory and Working Cash.

1 usage above 30,000 gallons priced at Tier 2 rates. Additionally, the Parties  
 2 agreed to use RYUC's proposed base rates for the different meter sizes. See  
 3 Staff/101, Sloan/8. The following table compares current commercial rates,  
 4 RYUC's proposed rates, and final rates stipulated to by Staff and RYUC:

<b>Commercial Rate Design</b>	<b>Current Rates</b>	<b><i>RYUC Proposed Rates</i></b>	<b>Staff and RYUC Stipulated Rates</b>
Base 3/4 & 5/8"	\$33.00	\$34.00	\$34.00
Base 1"	\$90.00	\$93.00	\$93.00
Base 1.5"	\$165.00	\$170.00	\$170.00
Base 2"	\$392.00	\$404.00	\$404.00
Base 3"	\$695.00	\$716.00	\$716.00
Variable (per 1,000 gal) Tier 1	\$1.20	\$1.58	\$1.35
Variable (per 1,000 gal) Tier 2	\$1.59	N/A	\$1.78
Average Monthly Bill for 5/8" and 3/4" customers <sup>2</sup>	\$40.21	\$43.51	\$42.08

5 The rate impacts of the stipulated commercial rates are shown in Staff/101,  
 6 Sloan/9-13.

7 **Q. DO THE STIPULATED IRRIGATION RATES DIFFER FROM THOSE**  
 8 **PROPOSED BY THE COMPANY?**

9 A. Yes. Staff's analysis found that RYUC's proposed rates resulted in significantly  
 10 higher increases in the total average monthly bills for irrigation customers with  
 11 5/8", 3/4", 1", and 1.5" meters than for customers with 2" meters. Staff and the  
 12 Company stipulated to the revised irrigation rates.

<sup>2</sup> Staff used 5/8" and 3/4" for illustrative purposes. The average monthly bill for each size meter will differ. See Staff/101, Sloan 9-13.

1 **Q. PLEASE DESCRIBE THE STIPULATED IRRIGATION RATES.**

2 A. Currently irrigation revenues are collected over 7 months. Staff agrees with  
 3 RYUC's proposal to change the billing period from 7 months to 12 months for  
 4 irrigation customers. Staff/101, Sloan/14 contains the rate design for irrigation  
 5 customers. The following table compares current irrigation rates, RYUC's  
 6 proposed rates, and final rates stipulated to by Staff and the Company:

<b>Irrigation Rate Design</b>	<b>Current Rates (7 months)</b>	<b><i>RYUC Proposed Rates (12 months)</i></b>	<b>Staff and RYUC Stipulated Rates</b>
Base 3/4 & 5/8"	\$17.50	\$18.40	\$11.50
Base 1"	\$30.46	\$27.60	\$22.00
Base 1.5"	\$30.46	\$27.60	\$22.00
Base 2"	\$69.61	\$36.80	\$46.34
Variable (per 1,000 gal)	\$0.43	\$0.32	\$0.38

7 Staff/101, Sloan/15-18 shows the rate impacts of the stipulated irrigation rates.

8 **Q. WHAT ARE THE STIPULATED GOLF COURSE IRRIGATION RATES?**

9 A. The Parties agree to use RYUC's proposed base rates for golf course irrigation  
 10 and its proposal to change the billing period from 7 months to 12 months for  
 11 this customer. See Staff/101, Sloan/19. The following table compares current  
 12 golf course irrigation rates, RYUC's proposed rates, and final rates stipulated to  
 13 by Staff and the Company:

<b>Golf Course Rate Design</b>	<b>Current Rates (7 months)</b>	<b><i>RYUC Proposed Rates (12 months)</i></b>	<b>Staff and RYUC Stipulated Rates</b>
Base 12"	\$6,227.00	\$3,780.00	\$3,780.00
Variable (per 1,000 gal)	\$0.22	\$0.21	\$0.21

14 Staff/101, Sloan/20 shows the rate impacts of the stipulated golf course rates.

1 **Q. DID THE PARTIES STIPULATE TO ANY MISCELLANEOUS FEES?**

2 A. Yes. The parties stipulated to the miscellaneous service charges set forth in  
3 Schedule No. 5 in Attachment B to the Stipulation.

4 **Q. DID THE PARTIES AGREE TO ANYTHING ELSE IN THE STIPULATION?**

5 A. Yes. Staff and RYUC stipulated to two additional items:

6 (1) In response to Question 47 of its rate case application, RYUC stated that it  
7 did not notify customers of routine flushing schedules. The Parties agreed the  
8 Company will comply with Oregon Administrative Rule 860-036-0301 which  
9 requires the Company to notify its customers of routine flushing schedules.

10 (2) The Commission's long-standing policy regarding water utility rate design  
11 has been to apply an approximate 40/60 split for collection of variable and base  
12 rate revenues. Because using a 40/60 split could result in rate shock for some  
13 customer classes, the Parties in this rate case agreed to use a 22/78 split for  
14 residential customers and a 28/72 split for commercial customers. Staff and  
15 the Company stipulated to move the variable/base rate split closer to 40/60 in  
16 future rate cases.

17 **Q. DOES THIS CONCLUDE YOUR DIRECT TESTIMONY?**

18 A. Yes.

CASE: UW 112  
WITNESS: Renee Sloan

**PUBLIC UTILITY COMMISSION  
OF  
OREGON**

**STAFF EXHIBIT 101**

**Exhibits in Support  
Of Direct Testimony**

**April 19, 2006**

Running Y Utility Company  
UW 112  
Test Year: 2005

Company Case  
8.98%

Staff  
8.98%

		A	B	C	D	E	F	G	H	I	
No.	REVENUES	Balance Per Test Year: 2005	Proposed Adjustments	Adjusted (A+B=C)	Company Rev Changes	Proposed (C+D=E)	Tax	Proposed Adjustments	Adjusted (A+F=G)	Staff Rev Changes	Proposed (G+H+I)
1	461.1 Residential Water Sales	156,152	44,616	200,768	23,941	224,709		47,441	203,593	21,116	224,709
2	461.2 Commercial Water Sales	67,970	7,778	75,748	0	75,748		659	68,629	7,118	75,748
3	465 Irrigation - Non GC	16,828	2,918	19,746	1,396	21,142		2,327	19,155	1,987	21,142
4	462 Irrigation - GC	68,196	0	68,196	7,399	75,595		295	68,491	7,104	75,595
5	471 Misc. Revenues			0	0	0		0	0	0	0
6	Special Contracts			0	0	0		0	0	0	0
7	TOTAL REVENUE	309,146	55,312	364,458	32,736	397,194		50,722	359,868	37,326	397,194
<b>OPERATING EXPENSES</b>				364,458	32,736	397,194		50,722	359,868	37,326	397,194
9	601 Salaries and Wages - Employees	26,431	4,191	30,622		30,622		4,191	30,622		30,622
10	603 Salaries and Wages - Officers			0		0		0	0		0
11	604 Employee Pension & Benefits	2,719	781	3,500		3,500		781	3,500		3,500
12	610 Purchased Water			0		0		0	0		0
13	611 Telephone/Communications	95	55	150		150		55	150		150
14	615 Purchased Power	37,423	(2,423)	35,000		35,000		191	37,614		37,614
15	618 Chemical / Treatment Expense			0		0		0	0		0
16	619 Office Supplies	422	78	500		500		78	500		500
17	619.1 Postage	907	93	1,000		1,000		93	1,000		1,000
18	620 O&M Materials/Supplies	32,173	20,527	52,700		52,700		(27,777)	4,396		4,396
19	621 Repairs to Water Plant			0		0		2,154	2,154		2,154
20	631 Contract Svcs - Engineering	1,707	(1,707)	0		0		(1,707)	0		0
21	632 Contract Svcs - Accounting	11,725	1,275	13,000		13,000		6,573	18,298		18,298
22	633 Contract Svcs - Legal			0		0		0	0		0
23	634 Contract Svcs - Management Fees			0		0		0	0		0
24	635 Contract Svcs - Testing			0		0		2,317	2,317		2,317
25	636 Contract Svcs - Labor			0		0		0	0		0
26	637 Contract Svcs - Billing/Collection			0		0		0	0		0
27	638 Contract Svcs - Meter Reading			0		0		0	0		0
28	639 Contract Svcs - Other			0		0		0	0		0
29	641 Rental of Building/Real Property			0		0		0	0		0
30	642 Rental of Equipment			0		0		0	0		0
31	643 Small Tools	0	1,500	1,500		1,500		792	792		792
32	648 Computer/Electronic Expenses			0		0		298	298		298
33	650 Transportation	1,695	55	1,750		1,750		731	2,426		2,426
34	656 Vehicle Insurance	990	110	1,100		1,100		110	1,100		1,100
35	657 General Liability Insurance	654	46	700		700		46	700		700
36	658 Workers' Comp Insurance	226	(26)	200		200		(26)	200		200
37	659 Insurance - Other	458	(8)	450		450		0	458		458
38	660 Public Relations/Advertising			0		0		0	0		0
39	666 Amortz. of Rate Case		3,000	3,000		3,000		2,462	2,462		2,462
40	667 Gross Revenue Fee (PUC)	842	125	967		967		127	969	93	1,062
41	668 Water Resource Conservation			0		0		0	0		0
42	670 Bad Debt Expense			0		0		0	0		0
43	671 Cross Connection Control Program			0		0		0	0		0
44	672 System Capacity Dev Program			0		0		0	0		0
45	673 Training and Certification	2,511	189	2,700		2,700		189	2,700		2,700
46	674 Consumer Confidence Report			0		0		0	0		0
47	675 General Expense	6,776	224	7,000		7,000		(5,298)	1,478		1,478
48	TOTAL OPERATING EXPENSE	127,754	28,085	155,839	0	155,839		(13,621)	114,133	93	114,226
				155,839		155,839		(13,621)	114,133		114,226
<b>OTHER REVENUE DEDUCTIONS</b>											
50	403 Depreciation Expense	158,300	23,040	181,340		181,340		(66,868)	91,432		91,432
51	407 Amortization Expense										
52	408.11 Property Tax							36	36		36
53	408.12 Payroll Tax	2,528	572	3,100		3,100		(36)	2,492		2,492
54	408.13 Other										
55	409.11 Oregon Income Tax			0		0	1,357	8,660	10,017	2,457	12,474
56	409.10 Federal Income Tax			0		0	3,085	18,383	21,467	5,216	26,684
57	TOTAL REVENUE DEDUCTIONS	288,582	51,697	340,279	0	340,279	293,024	(49,208)	239,374	7,767	247,141
58	NET OPERATING INCOME	20,564	3,615	24,179	32,736	56,915	16,122	99,930	120,494	29,559	150,053
				56,915		56,915		99,930	120,494	29,559	150,053
59	101 Utility Plant in Service	3,038,261	1,152,000	4,190,261		4,190,261		4,090,131	7,128,392	0	7,128,392
60	Less:										
61	Excess Capacity	0	0	0		0		(3,461,542)	(3,461,542)		(3,461,542)
62	108.1 Depreciation Reserve	952,510	23,040	975,550		975,550		(368,836)	585,674		585,674
63	271 Contributions in Aid of Const										
64	272 Amortization of CIAC										
65	281 Accumulated Deferred Income Tax										
66	Net Utility Plant	2,085,751	1,128,960	3,214,711	0	3,214,711		995,425	3,081,176	0	3,081,176
67	Plus: (working capital)			3,214,711		3,214,711			3,081,176		3,081,176
68	151 Materials and Supplies Inventory			0		0		0	0		0
69	Working Cash (Total Op Exp /12)	10,547	1,898	12,445		12,445		(1,036)	9,511	0	9,511
70	TOTAL RATE BASE	2,096,298	1,130,858	3,227,156	0	3,227,156		994,390	3,090,688	0	3,090,688
71	Rate of Return	0.98%	0.32%	0.75%		1.76%			3.90%		4.86%



Running Y Utility Company					
Test Year: 2005					
SUMMARY OF ADJUSTMENTS					
				Staff Adjustments to Rev Req Column D	Results
REVENUES					
1	461.1	Residential Water Sales	47,441		224,709
2	461.2	Commercial Water Sales	659		75,748
3	465	Irrigation - Non GC	2,327		21,142
4	462	Irrigation - GC	295		75,595
5	471	Misc. Revenues	0		0
6		Special Contracts	0		
7		TOTAL REVENUE	50,722	Adjusted for customer growth and grossed up for taxes	397,194
OPERATING EXPENSES					
9	601	Salaries and Wages - Employees	4,191	Additional employee	30,622
10	603	Salaries and Wages - Officers	0		0
11	604	Employee Pension & Benefits	781	Additional employee	3,500
12	610	Purchased Water	0		0
13	611	Telephone/Communications	55	Additional cost for added employee	150
14	615	Purchased Power	191	Reflects .51% above test year	37,614
15	618	Chemical / Treatment Expense	0		0
16	619	Office Supplies	78	Reflects increase in cost of supplies for increased customer base	500
17	619.1	Postage	93	Reflects increase in postage	1,000
18	620	O&M Materials/Supplies	(27,777)	Moved \$9,071.10 Meters to Plant; Removed \$6,961.39 BF devices & \$5004.02 PRV	4,396
19	621	Repairs to Water Plant	2,154	Moved from O&M - Reasonable amount for RYUC	2,154
20	631	Contract Svcs - Engineering	(1,707)	Per Application	0
21	632	Contract Svcs - Accounting	6,573	Moved \$5,298 from Misc.; other \$1,275 is increased corp charges.	18,298
22	633	Contract Svcs - Legal	0		0
23	634	Contract Svcs - Management Fees	0		0
24	635	Contract Svcs - Testing	2,317	Moved from O&M. Three-year amortization of total 2006, 2007, 2008 testing cost	2,317
25	636	Contract Svcs - Labor	0		0
26	637	Contract Svcs - Billing/Collection	0		0
27	638	Contract Svcs - Meter Reading	0		0
28	639	Contract Svcs - Other	0		0
29	641	Rental of Building/Real Property	0		0
30	642	Rental of Equipment	0		0
31	643	Small Tools	792	Reasonable amount for RYUC (\$1,500 request for cost of locaters split 50/50 www)	792
32	648	Computer/Electronic Expenses	298	Annual Maintenance Agreement - Moved from O&M	298
33	650	Transportation	731	Upward adjustment due to increased fuel cost	2,426
34	656	Vehicle Insurance	110	Reflects RYUC portion under Jeld-Wen umbrella policy	1,100
35	657	General Liability Insurance	46	Reflects RYUC portion under Jeld-Wen umbrella policy	700
36	658	Workers' Comp Insurance	(26)	Reduced at RYUC request	200
37	659	Insurance - Other	0		458
38	660	Public Relations/Advertising	0		0
39	666	Amortz. of Rate Case	2,462	Includes \$4,387 UW87/92 balance + \$3,000 UW 112 (amort. 3 years)	2,462
40	667	Gross Revenue Fee (PUC)	127	Automatic Calculation	1,062
41	668	Water Resource Conservation	0		0
42	670	Bad Debt Expense	0		0
43	671	Cross Connection Control Program	0		0
44	672	System Capacity Dev Program	0		0
45	673	Training and Certification	189	Includes training for added employee	2,700
46	674	Consumer Confidence Report	0		0
47	675	General Expense	(5,298)	Cost of labor for after hours system alarm monitoring - Moved to Accounting	1,478
48		TOTAL OPERATING EXPENSE	(13,621)		114,226
OTHER REVENUE DEDUCTIONS					
50	403	Depreciation Expense	(66,868)	Reflects actual Depreciation Expense using NARUC schedules	91,432
51	407	Amortization Expense	0		0
52	408	Property Tax	36	Reflects actual property tax amount per response to DR	36
53	408	Payroll Tax	(36)	Removal of property tax from Payroll Tax amount	2,492
54	408.13	Other	0		0
55	409.11	Oregon Income Tax	8,660	Automatic Calculation	12,474
56	409.1	Federal Income Tax	18,383	Automatic Calculation	26,684
57		TOTAL REVENUE DEDUCTIONS	(49,208)		247,141
58		NET OPERATING INCOME	99,930		150,053
59	101	Utility Plant in Service	4,090,131	Reflects plant added since last rate case	7,128,392
60		Less:	0		
61		Excess Capacity	(3,461,542)	Reflects Excess Capacity based on RYUC 2005 Density Report	(3,461,542)
62	108.1	Depreciation Reserve	(366,836)	Reflects actual Accumulated Depreciation using NARUC schedules	585,674
63	271	Contributions in Aid of Const	0		0
64	272	Amortization of CIAC	0		0
65	281	Accumulated Deferred Income Tax	0		0
66		Net Utility Plant	995,425	Reflects Utility Plant in Service minus Excess Capacity	3,081,176
67		Plus: (working capital)			
68	151	Materials and Supplies Inventory	0		0
69		Working Cash (Total Op Exp /12)	(1,036)		9,511
70		TOTAL RATE BASE	994,390		3,090,688





Running Y Utility Company  
UW 112  
EXCESS CAPACITY

Capacity  
Excess  
Capacity

A	B	C	D	E	F	G	I	
	Date	Utility Plant	Excess	Total Adjusted		Lots	Lots	
ACCOUNT & ITEM	Acquired	Orig Cost	Capacity	Plant	# Units	Platted	Filled	(F/G)
309 - Supply Mains	Jan 1997	1,100,636	459,516	641,120	233	400	58.25%	41.75%
331 - Transmission & Distribution Lines - Phase 1&2	Jan 1997	474,179	293,659	180,520				
331 - Transmission & Distribution Lines - Phase 3	Jan 1999	228,415	141,457	86,958				
331 - Transmission & Distribution Lines - Phase 4	May 1999	25,584	15,844	9,740				
331 - Transmission & Distribution Lines - Phase 4	Jan 2001	1,042	645	397				
331 - Transmission & Distribution Lines - Phase 5	Jul 1999	427,011	264,448	162,563				
331 - Transmission & Distribution Lines - Phase 5	Jan 2002	506	313	193				
331 - Transmission & Distribution Lines - Phase 6	Jul 1999	112,233	69,506	42,727				
331 - Transmission & Distribution Lines - Phase 6	Jan 2002	1,976	1,224	752				
331 - Transmission & Distribution Lines - Phase 6	Jun 2006	159,000	98,469	60,531				
331 - Transmission & Distribution Lines - Phase 8	Jan 2002	83,571	51,756	31,815				
331 - Transmission & Distribution Lines - Phase 8	Dec 2004	146,752	90,884	55,868				
331 - Transmission & Distribution Lines - Phase 9	Jan 2002	152,425	94,397	58,028				
331 - Transmission & Distribution Lines - Phase 10	Jan 2002	120,889	74,867	46,022				
331 - Transmission & Distribution Lines - Phase 11	Dec 2003	646,664	400,479	246,185				
331 - Transmission & Distribution Lines - Phase 12	Sep 2004	508,481	314,902	193,579				
331 - Transmission & Distribution Lines - Phase 13	Jan 2006	665,000	411,834	253,166				
331 - Transmission & Distribution Lines - Phase 13	Jun 2006	328,000	203,130	124,870				
<b>TOTALS</b>		<b>4,081,728</b>	<b>2,527,814</b>	<b>1,553,914</b>	<b>407</b>	<b>1069</b>	<b>38.07%</b>	<b>61.93%</b>
331 - Transmission & Distribution Lines - Common	May 1999	231,444	96,628	134,816				
331 - Transmission & Distribution Lines - General	Jan 2001	28,594	11,938	16,656				
331 - Transmission & Distribution Lines - Common	Jan 2001	1,720	718	1,002				
331 - Transmission & Distribution Lines - Common	Jan 2002	213	89	124				
<b>TOTALS</b>		<b>4,343,699</b>	<b>2,637,187</b>	<b>1,706,512</b>	<b>233</b>	<b>400</b>	<b>58.25%</b>	<b>41.75%</b>
333 - Services - Phases 1&2	Dec 1996	4,010	2,483	1,527				
333 - Services - Phases 1&2	Dec 1997	20,049	12,416	7,633				
333 - Services - Phases 1&2	Dec 1998	26,732	16,555	10,177				
333 - Services - Phases 1&2	Dec 1999	5,346	3,311	2,035				
333 - Services - Phases 1&2	Dec 2000	4,010	2,483	1,527				
333 - Services - Phases 1&2	Dec 2001	5,346	3,311	2,035				
333 - Services - Phases 1&2	Dec 2002	10,693	6,622	4,071				
333 - Services - Phase 3	Jan 1999	58,581	36,279	22,302				
333 - Services - Phase 3	Dec 1999	21,968	13,605	8,363				
333 - Services - Phase 3	Dec 2000	21,968	13,605	8,363				
333 - Services - Phase 3	Dec 2001	7,323	4,535	2,788				
333 - Services - Phase 3	Dec 2002	29,291	18,140	11,151				
333 - Services - Phase 5	Jul 1999	21,565	13,355	8,210				
333 - Services - Phase 5	Dec 2000	16,174	10,017	6,157				
333 - Services - Phase 5	Dec 2001	5,391	3,339	2,052				
333 - Services - Phase 5	Dec 2002	16,174	10,017	6,157				
333 - Services - Phase 6	Jan 1999	4,780	2,960	1,820				
333 - Services - Phase 6	Dec 1999	9,559	5,920	3,639				
333 - Services - Phase 6	Dec 2000	956	592	364				
333 - Services - Phase 6	Dec 2000	956	592	364				
333 - Services - Phase 6	Dec 2000	956	592	364				
<b>TOTALS</b>		<b>291,828</b>	<b>180,729</b>	<b>111,099</b>	<b>407</b>	<b>1069</b>	<b>38.07%</b>	<b>61.93%</b>
335 - Hydrants	Dec 1997	35,119	14,662	20,457	233	400	58.25%	
335 - Hydrants	Mar 2004	3,608	1,506	2,102	233	400	58.25%	
<b>TOTALS</b>		<b>38,727</b>	<b>16,168</b>	<b>22,559</b>	<b>233</b>	<b>400</b>	<b>58.25%</b>	<b>41.75%</b>
WorldMark								
331 - Transmission & Distribution Lines - Phase 7	Jan 2002	6,223	3,854	2,369				
331 - Transmission & Distribution Lines - Phase 7	Jan 2002	2,039	1,263	776	89	89	100.00%	0.00%
<b>Common Plant</b>								
ACCOUNT & ITEM	Date	Utility Plant	Excess	Total Adjusted		Lots	Lots	
	Acquired	Orig Cost	Capacity	Plant	# Cust.	Platted	Filled	
331 - Common Water Distribution	Dec 2001	250,000	104,375	145,625				
331 - Common Water Distribution	Dec 2003	140,000	58,450	81,550				
<b>TOTALS</b>		<b>390,000</b>	<b>162,825</b>	<b>227,175</b>	<b>233</b>	<b>400</b>	<b>58.25%</b>	<b>41.75%</b>
<b>TOTALS</b>		<b>6,173,152</b>	<b>3,461,542</b>	<b>2,711,610</b>				

888+181+4+4	Total Units Completed	502		
	Total Lots Platted		1,077	
	Lots Filled			46.61%
				53.39%



Running Y Utility Company  
UW 112

**RATE IMPACT - RESIDENTIAL  
TWO TIER**

Commodity Rates		\$1.3530	gal	30,000	gal										
		\$1.7841	gal	30,000	gal										
Monthly Consumptions	Current Base Rate	Current Commodity Rate Tier 1	Current Commodity Rate Tier 2	Total Current Average Monthly Rate	Proposed Customer Base Rate	Proposed Commodity Rate Per 1000 gal up to 30,000	Proposed Commodity Rate Per 1000 gal above 30,000	Usage Factor	Total Proposed Monthly Rate	Difference	Percentage Difference				
0	\$33.00	\$1.10	\$1.45	\$33.00	\$33.00	\$1.35	\$1.78	0	\$33.00	\$0.00	0.01%				
1000	\$33.00	\$1.10	\$1.45	\$34.10	\$33.00	\$1.35	\$1.78	1	\$34.36	\$0.26	0.75%				
2000	\$33.00	\$1.10	\$1.45	\$35.20	\$33.00	\$1.35	\$1.78	2	\$35.71	\$0.51	1.45%				
3000	\$33.00	\$1.10	\$1.45	\$36.30	\$33.00	\$1.35	\$1.78	3	\$37.06	\$0.76	2.10%				
4000	\$33.00	\$1.10	\$1.45	\$37.40	\$33.00	\$1.35	\$1.78	4	\$38.42	\$1.01	2.71%				
5000	\$33.00	\$1.10	\$1.45	\$38.50	\$33.00	\$1.35	\$1.78	5	\$39.77	\$1.27	3.29%				
6471	\$33.00	\$1.10	\$1.45	\$40.12	\$33.00	\$1.35	\$1.78	6	\$41.76	\$1.64	4.08%				
8000	\$33.00	\$1.10	\$1.45	\$41.81	\$33.00	\$1.35	\$1.78	8	\$43.83	\$2.02	4.84%				
10000	\$33.00	\$1.10	\$1.45	\$44.01	\$33.00	\$1.35	\$1.78	10	\$46.53	\$2.53	5.74%				
25000	\$33.00	\$1.10	\$1.45	\$60.52	\$33.00	\$1.35	\$1.78	25	\$66.83	\$6.31	10.43%				
30000	\$33.00	\$1.10	\$1.45	\$66.02	\$33.00	\$1.35	\$1.78	30	\$73.59	\$7.57	11.47%				
50000	\$33.00	\$1.10	\$1.45	\$95.08	\$33.00	\$1.35	\$1.78	50	\$109.28	\$14.20	14.93%				
100000	\$33.00	\$1.10	\$1.45	\$167.72	\$33.00	\$1.35	\$1.78	100	\$198.48	\$30.76	18.34%				
										<b>\$798.63</b>					

**\$729.79**





Running Y Utility Company  
UW 112

**RATE IMPACT - Commercial 5/8"**

**TWO TIER**

Commodity Rates

Monthly Consumptions	Customer Usage	Current Base Rate	Current Commodity Rate Tier 1	Current Commodity Rate Tier 2	Total Current Average Monthly Rate	Proposed Customer Base Rate	Proposed Commodity Rate Per 1000 gal up to 30,000	Proposed Commodity Rate Per 1000 gal above 30,000	Usage Factor	Total Proposed Monthly Rate	Difference	Percentage Difference
0												
1000		\$33.00	\$1.20	\$1.59	\$33.00	\$34.00	\$1.35	\$1.78	0	\$34.00	\$1.00	3.03%
2000		\$33.00	\$1.20	\$1.59	\$34.20	\$34.00	\$1.35	\$1.78	1	\$35.35	\$1.14	3.34%
3000		\$33.00	\$1.20	\$1.59	\$35.40	\$34.00	\$1.35	\$1.78	2	\$36.69	\$1.29	3.64%
4000		\$33.00	\$1.20	\$1.59	\$36.60	\$34.00	\$1.35	\$1.78	3	\$38.04	\$1.43	3.91%
5000		\$33.00	\$1.20	\$1.59	\$37.80	\$34.00	\$1.35	\$1.78	4	\$39.38	\$1.58	4.17%
6006		\$33.00	\$1.20	\$1.59	\$39.01	\$34.00	\$1.35	\$1.78	5	\$40.73	\$1.72	4.41%
8000		\$33.00	\$1.20	\$1.59	\$40.21	\$34.00	\$1.35	\$1.78	6	\$42.08	\$1.86	4.64%
10000		\$33.00	\$1.20	\$1.59	\$42.61	\$34.00	\$1.35	\$1.78	8	\$44.76	\$2.15	5.05%
30000		\$33.00	\$1.20	\$1.59	\$45.01	\$34.00	\$1.35	\$1.78	10	\$47.45	\$2.44	5.42%
50000		\$33.00	\$1.20	\$1.59	\$69.03	\$34.00	\$1.35	\$1.78	30	\$74.35	\$5.32	7.71%
		\$33.00	\$1.20	\$1.59	\$100.74	\$34.00	\$1.35	\$1.78	50	\$109.87	\$9.13	9.06%
					<b>\$513.61</b>					<b>\$542.68</b>		



Running Y Utility Company  
UW 112

**RATE IMPACT - Commercial 1"**  
**TWO TIER**

Commodity Rates

\$1.35 first 30,000 gal  
\$1.78 above 30,000 gal

Monthly Consumptions	Current Base Rate	Current Commodity Rate Tier 1	Current Commodity Rate Tier 2	Total Current Average Monthly Rate	Proposed Customer Base Rate	Proposed Commodity Rate 1000 gal up to 30,000	Proposed Commodity Rate Per 1000 gal above 30,000	Usage Factor	Total Proposed Monthly Rate	Difference	Percentage Difference
0	\$90.00	\$1.20	\$1.59	\$90.00	\$93.00	\$1.35	\$1.78	0	\$93.00	\$3.00	3.34%
1000	\$90.00	\$1.20	\$1.59	\$91.20	\$93.00	\$1.35	\$1.78	1	\$94.35	\$3.15	3.45%
2000	\$90.00	\$1.20	\$1.59	\$92.40	\$93.00	\$1.35	\$1.78	2	\$95.69	\$3.29	3.56%
3000	\$90.00	\$1.20	\$1.59	\$93.60	\$93.00	\$1.35	\$1.78	3	\$97.04	\$3.44	3.67%
4000	\$90.00	\$1.20	\$1.59	\$94.80	\$93.00	\$1.35	\$1.78	4	\$98.38	\$3.58	3.78%
5000	\$90.00	\$1.20	\$1.59	\$96.01	\$93.00	\$1.35	\$1.78	5	\$99.73	\$3.72	3.88%
6000	\$90.00	\$1.20	\$1.59	\$97.21	\$93.00	\$1.35	\$1.78	6	\$101.07	\$3.87	3.98%
8000	\$90.00	\$1.20	\$1.59	\$99.61	\$93.00	\$1.35	\$1.78	8	\$103.76	\$4.16	4.17%
10000	\$90.00	\$1.20	\$1.59	\$102.01	\$93.00	\$1.35	\$1.78	10	\$106.45	\$4.44	4.36%
23316	\$90.00	\$1.20	\$1.59	\$118.00	\$93.00	\$1.35	\$1.78	23	\$124.36	\$6.36	5.39%
30000	\$90.00	\$1.20	\$1.59	\$126.03	\$93.00	\$1.35	\$1.78	30	\$133.35	\$7.32	5.81%
50000	\$90.00	\$1.20	\$1.59	\$157.74	\$93.00	\$1.35	\$1.78	50	\$168.87	\$11.13	7.06%
100000	\$90.00	\$1.20	\$1.59	\$237.00	\$93.00	\$1.35	\$1.78	100	\$257.66	\$20.66	8.72%
				<b>\$1,495.61</b>					<b>\$1,573.74</b>		

Running Y Utility Company  
UW 112

**RATE IMPACT - Commercial 1.5"**

**TWO TIER**

(Klamath Ice Sports, Laundry, SP Restroom, Sports)

Commodity Rates

Monthly Consumptions Customer Usage	Current Base Rate	Current Commodity Rate Tier 1	Current Commodity Rate Tier 2	Proposed Customer Base Rate	Proposed Commodity Rate Per 1000 gal up to 30,000	Proposed Commodity Rate Per 1000 gal above 30,000	Usage Factor	Total Proposed Monthly Rate	Difference	Percentage Difference
0	\$165.00	\$1.20	\$1.59	\$170.00	\$1.35	\$1.78	0	\$170.00	\$5.00	3.03%
1000	\$165.00	\$1.20	\$1.59	\$170.00	\$1.35	\$1.78	1	\$171.35	\$5.14	3.10%
5000	\$165.00	\$1.20	\$1.59	\$170.00	\$1.35	\$1.78	5	\$176.73	\$5.72	3.34%
10000	\$165.00	\$1.20	\$1.59	\$170.00	\$1.35	\$1.78	10	\$183.45	\$6.44	3.64%
30000	\$165.00	\$1.20	\$1.59	\$170.00	\$1.35	\$1.78	30	\$210.35	\$9.32	4.64%
50000	\$165.00	\$1.20	\$1.59	\$170.00	\$1.35	\$1.78	50	\$245.87	\$13.13	5.64%
75000	\$165.00	\$1.20	\$1.59	\$170.00	\$1.35	\$1.78	75	\$290.26	\$17.89	6.57%
100000	\$165.00	\$1.20	\$1.59	\$170.00	\$1.35	\$1.78	100	\$334.66	\$22.66	7.26%
158760	\$165.00	\$1.20	\$1.59	\$170.00	\$1.35	\$1.78	159	\$439.01	\$33.85	8.36%
200000	\$165.00	\$1.20	\$1.59	\$170.00	\$1.35	\$1.78	200	\$512.24	\$41.71	8.86%
300000	\$165.00	\$1.20	\$1.59	\$170.00	\$1.35	\$1.78	300	\$689.83	\$60.77	9.66%
400000	\$165.00	\$1.20	\$1.59	\$170.00	\$1.35	\$1.78	400	\$867.41	\$79.82	10.13%
500000	\$165.00	\$1.20	\$1.59	\$170.00	\$1.35	\$1.78	500	\$1,045.00	\$98.87	10.45%
								<b>\$5,336.15</b>		

**\$4,935.81**

Running Y Utility Company  
UW 112

**RATE IMPACT - Commercial 2"**

**TWO TIER**

Commodity Rates

Monthly Consumptions Customer Usage	Current Base Rate	Current Commodity Rate Tier 1	Current Commodity Rate Tier 2	Total Current Average Monthly Rate	Proposed Customer Base Rate	Proposed Commodity Rate Per 1000 gal up to 30,000	Proposed Commodity Rate Per 1000 gal above 30,000	Usage Factor	Total Proposed Monthly Rate	Difference	Percentage Difference
0	\$392.00	\$1.20	\$1.59	\$392.00	\$404.00	\$1.35	\$1.78	0	\$404.00	\$12.00	3.06%
1000	\$392.00	\$1.20	\$1.59	\$393.20	\$404.00	\$1.35	\$1.78	1	\$405.35	\$12.15	3.09%
2000	\$392.00	\$1.20	\$1.59	\$394.40	\$404.00	\$1.35	\$1.78	2	\$406.69	\$12.29	3.12%
5000	\$392.00	\$1.20	\$1.59	\$398.01	\$404.00	\$1.35	\$1.78	5	\$410.73	\$12.72	3.20%
10000	\$392.00	\$1.20	\$1.59	\$404.01	\$404.00	\$1.35	\$1.78	10	\$417.45	\$13.44	3.33%
20000	\$392.00	\$1.20	\$1.59	\$416.02	\$404.00	\$1.35	\$1.78	20	\$430.90	\$14.88	3.58%
30000	\$392.00	\$1.20	\$1.59	\$428.03	\$404.00	\$1.35	\$1.78	30	\$444.35	\$16.32	3.81%
41314	\$392.00	\$1.20	\$1.59	\$445.97	\$404.00	\$1.35	\$1.78	41	\$464.44	\$18.48	4.14%
50000	\$392.00	\$1.20	\$1.59	\$459.74	\$404.00	\$1.35	\$1.78	50	\$479.87	\$20.13	4.38%
75000	\$392.00	\$1.20	\$1.59	\$499.37	\$404.00	\$1.35	\$1.78	75	\$524.26	\$24.90	4.99%
80000	\$392.00	\$1.20	\$1.59	\$507.30	\$404.00	\$1.35	\$1.78	80	\$533.14	\$25.85	5.10%
100000	\$392.00	\$1.20	\$1.59	\$539.00	\$404.00	\$1.35	\$1.78	100	\$568.66	\$29.66	5.50%
				<b>\$5,277.03</b>					<b>\$5,489.85</b>		

Running Y Utility Company  
UW 112

**RATE IMPACT - Commercial 3" (Lodge)**

**TWO TIER**

Commodity Rates

\$1.35 first 30,000 gal  
\$1.78 above 30,000 gal

Monthly Consumptions	Current Usage Base Rate	Current Commodity Rate Tier 1	Current Commodity Rate Tier 2	Total Current Average Monthly Rate	Proposed Customer Base Rate	Proposed Commodity Rate Per 1000 gal up to 30,000	Proposed Commodity Rate Per 1000 gal above 30,000	Usage Factor	Total Proposed Monthly Rate	Difference	Percentage Difference
0	\$695.00	\$1.20	\$1.59	\$695.00	\$716.00	\$1.35	\$1.78	0	\$716.00	\$21.00	3.02%
1000	\$695.00	\$1.20	\$1.59	\$696.20	\$716.00	\$1.35	\$1.78	1	\$717.35	\$21.15	3.04%
30000	\$695.00	\$1.20	\$1.59	\$731.03	\$716.00	\$1.35	\$1.78	30	\$756.35	\$25.32	3.46%
40000	\$695.00	\$1.20	\$1.59	\$746.88	\$716.00	\$1.35	\$1.78	40	\$774.11	\$27.23	3.65%
50000	\$695.00	\$1.20	\$1.59	\$762.74	\$716.00	\$1.35	\$1.78	50	\$791.87	\$29.13	3.82%
60000	\$695.00	\$1.20	\$1.59	\$778.59	\$716.00	\$1.35	\$1.78	60	\$809.63	\$31.04	3.99%
70000	\$695.00	\$1.20	\$1.59	\$794.44	\$716.00	\$1.35	\$1.78	70	\$827.39	\$32.94	4.15%
77758	\$695.00	\$1.20	\$1.59	\$806.74	\$716.00	\$1.35	\$1.78	78	\$841.16	\$34.42	4.27%
100000	\$695.00	\$1.20	\$1.59	\$842.00	\$716.00	\$1.35	\$1.78	100	\$880.66	\$38.66	4.59%
120000	\$695.00	\$1.20	\$1.59	\$873.71	\$716.00	\$1.35	\$1.78	120	\$916.18	\$42.47	4.86%
130000	\$695.00	\$1.20	\$1.59	\$889.56	\$716.00	\$1.35	\$1.78	130	\$933.94	\$44.38	4.99%
				<b>\$8,616.89</b>					<b>\$8,964.64</b>		



Running Y Utility Company  
UW 112

**RATE IMPACT - Irrigation 5/8"**

Commodity Rates		\$0.3763 per 1,000 gal									
Monthly Consumptions	Customer Usage	Current Base Rate	Current Commodity Rate	Total Current Average Monthly Rate 7-Month	Proposed Customer Base Rate	Proposed Commodity Rate Per 1000 gal	Usage Factor	Total Proposed Monthly Rate 12-Month	Difference	Percentage Difference	Comparison of Proposed Monthly Rates to Current Proposed Monthly Rates when billed for 7 months instead of 12 months.
0		\$17.40	\$0.43	\$17.40	\$11.50	\$0.38	0	\$11.50	(\$5.90)	-33.91%	\$19.71
1000		\$17.40	\$0.43	\$17.83	\$11.50	\$0.38	1	\$11.88	(\$5.95)	-33.38%	\$20.36
3000		\$17.40	\$0.43	\$18.68	\$11.50	\$0.38	3	\$12.63	(\$6.05)	-32.40%	\$21.65
4000		\$17.40	\$0.43	\$19.11	\$11.50	\$0.38	4	\$13.01	(\$6.11)	-31.95%	\$22.29
5000		\$17.40	\$0.43	\$19.54	\$11.50	\$0.38	5	\$13.38	(\$6.16)	-31.51%	\$22.94
8000		\$17.40	\$0.43	\$20.82	\$11.50	\$0.38	8	\$14.51	(\$6.31)	-30.31%	\$24.88
10000		\$17.40	\$0.43	\$21.68	\$11.50	\$0.38	10	\$15.26	(\$6.41)	-29.59%	\$26.17
30000		\$17.40	\$0.43	\$30.23	\$11.50	\$0.38	30	\$22.79	(\$7.44)	-24.61%	\$39.07
37202		\$17.40	\$0.43	\$33.31	\$11.50	\$0.38	37.2	\$25.50	(\$7.81)	-23.45%	\$43.72
50000		\$17.40	\$0.43	\$38.79	\$11.50	\$0.38	50	\$30.32	(\$8.47)	-21.83%	\$51.97
75000		\$17.40	\$0.43	\$49.48	\$11.50	\$0.38	75	\$39.73	(\$9.75)	-19.71%	\$68.10
100000		\$17.40	\$0.43	\$60.17	\$11.50	\$0.38	100	\$49.13	(\$11.04)	-18.34%	\$84.23
200000		\$17.40	\$0.43	\$102.94	\$11.50	\$0.38	200	\$86.77	(\$16.17)	-15.71%	\$148.74
				<b>\$449.97</b>				<b>\$346.40</b>			<b>\$593.83</b>
	Annualized			\$3,149.82				\$4,156.82		31.97%	\$143.86

31.97%

Running Y Utility Company  
UW 112

**RATE IMPACT - Irrigation 1"**

Commodity Rates

\$0.3763 per 1,000 gal

Monthly Consumptions Customer Usage	Current Base Rate	Current Commodity Rate	Total Current Average Monthly Rate 7-Month	Proposed Customer Base Rate	Proposed Commodity Rate Per 1000 gal	Usage Factor	Total Proposed Monthly Rate 12-Month	Difference	Percentage Difference	Total Proposed Monthly Rate 7-Month	Difference	Percentage Difference
0	\$30.46	\$0.43	\$30.46	\$22.00	\$0.38	0	\$22.00	(\$8.46)	-27.77%	\$37.71	\$7.25	23.82%
1000	\$30.46	\$0.43	\$30.89	\$22.00	\$0.38	1	\$22.38	(\$8.51)	-27.56%	\$38.36	\$7.47	24.19%
2000	\$30.46	\$0.43	\$31.32	\$22.00	\$0.38	2	\$22.75	(\$8.56)	-27.34%	\$39.00	\$7.69	24.55%
3000	\$30.46	\$0.43	\$31.74	\$22.00	\$0.38	3	\$23.13	(\$8.61)	-27.14%	\$39.65	\$7.91	24.91%
4000	\$30.46	\$0.43	\$32.17	\$22.00	\$0.38	4	\$23.51	(\$8.67)	-26.94%	\$40.29	\$8.12	25.25%
5000	\$30.46	\$0.43	\$32.60	\$22.00	\$0.38	5	\$23.88	(\$8.72)	-26.74%	\$40.94	\$8.34	25.59%
9,212	\$30.46	\$0.43	\$34.40	\$22.00	\$0.38	9.2	\$25.47	(\$8.93)	-25.97%	\$43.66	\$9.26	26.91%
10000	\$30.46	\$0.43	\$34.74	\$22.00	\$0.38	10	\$25.76	(\$8.97)	-25.83%	\$44.17	\$9.43	27.14%
15000	\$30.46	\$0.43	\$36.88	\$22.00	\$0.38	15	\$27.65	(\$9.23)	-25.03%	\$47.39	\$10.52	28.52%
20000	\$30.46	\$0.43	\$39.01	\$22.00	\$0.38	20	\$29.53	(\$9.49)	-24.32%	\$50.62	\$11.60	29.74%
25000	\$30.46	\$0.43	\$41.15	\$22.00	\$0.38	25	\$31.41	(\$9.74)	-23.68%	\$53.84	\$12.69	30.84%
50000	\$30.46	\$0.43	\$51.85	\$22.00	\$0.38	50	\$40.82	(\$11.03)	-21.27%	\$69.97	\$18.13	34.96%
60000	\$30.46	\$0.43	\$56.12	\$22.00	\$0.38	60	\$44.58	(\$11.54)	-20.57%	\$76.42	\$20.30	36.17%
			<b>\$483.32</b>				<b>\$362.85</b>			<b>\$622.03</b>	<b>\$138.71</b>	<b>28.70%</b>
	Annualized		\$3,383.25				\$4,354.24		28.70%			

Running Y Utility Company  
UW 112  
**RATE IMPACT - Irrigation 1.5"**  
(Klamath Ice Sports, Laundry, Pasture, WM Condo1)

Commodity Rates													
\$0.3763 per 1,000 gal													
Monthly Consumptions	Current Usage	Current Base Rate	Current Commodity Rate	Total Current Average Monthly Rate 7-Month	Proposed Customer Base Rate	Proposed Commodity Rate Per 1000 gal	Usage Factor	Total Proposed Monthly Rate 12-Month	Difference	Percentage Difference	Total Proposed Monthly Rate 7-Month	Difference	Percentage Difference
0	\$30.46	\$0.43	\$30.46	\$30.46	\$22.00	\$0.38	0	\$22.00	(\$8.46)	-27.77%	\$37.71	\$7.25	23.82%
1000	\$30.46	\$0.43	\$30.89	\$30.89	\$22.00	\$0.38	1	\$22.38	(\$8.51)	-27.56%	\$38.36	\$7.47	24.19%
2000	\$30.46	\$0.43	\$31.32	\$31.32	\$22.00	\$0.38	2	\$22.75	(\$8.56)	-27.34%	\$39.00	\$7.69	24.55%
5000	\$30.46	\$0.43	\$32.60	\$32.60	\$22.00	\$0.38	5	\$23.88	(\$8.72)	-26.74%	\$40.94	\$8.34	25.59%
8000	\$30.46	\$0.43	\$33.88	\$33.88	\$22.00	\$0.38	8	\$25.01	(\$8.87)	-26.18%	\$42.88	\$8.99	26.55%
10000	\$30.46	\$0.43	\$34.74	\$34.74	\$22.00	\$0.38	10	\$25.76	(\$8.97)	-25.83%	\$44.17	\$9.43	27.14%
20000	\$30.46	\$0.43	\$39.01	\$39.01	\$22.00	\$0.38	20	\$29.53	(\$9.49)	-24.32%	\$50.62	\$11.60	29.74%
40544	\$30.46	\$0.43	\$47.80	\$47.80	\$22.00	\$0.38	40.5	\$37.26	(\$10.54)	-22.05%	\$63.87	\$16.07	33.62%
50000	\$30.46	\$0.43	\$51.85	\$51.85	\$22.00	\$0.38	50	\$40.82	(\$11.03)	-21.27%	\$69.97	\$18.13	34.96%
60000	\$30.46	\$0.43	\$56.12	\$56.12	\$22.00	\$0.38	60	\$44.58	(\$11.54)	-20.57%	\$76.42	\$20.30	36.17%
75000	\$30.46	\$0.43	\$62.54	\$62.54	\$22.00	\$0.38	75	\$50.23	(\$12.31)	-19.69%	\$86.10	\$23.56	37.68%
100000	\$30.46	\$0.43	\$73.23	\$73.23	\$22.00	\$0.38	100	\$59.63	(\$13.60)	-18.57%	\$102.23	\$29.00	39.60%
200000	\$30.46	\$0.43	\$116.00	\$116.00	\$22.00	\$0.38	200	\$97.27	(\$18.73)	-16.15%	\$166.74	\$50.74	43.75%
			<b>\$640.43</b>	<b>\$640.43</b>				<b>\$501.09</b>			<b>\$859.02</b>	<b>\$218.59</b>	<b>34.13%</b>
	Annualized		\$4,483.00	\$4,483.00				\$6,013.13					34.13%



Running Y Utility Company  
UW 112

**RATE IMPACT - Irrigation 2"**

Commodity Rates												
\$0.3763 per 1,000 gal												
Monthly Consumptions Customer Usage	Current Base Rate	Current Commodity Rate	Total Current Average Monthly Rate 7-Month	Proposed Customer Base Rate	Proposed Commodity Rate Per 1000 gal	Usage Factor	Total Proposed Monthly Rate 12-Month	Difference	Percentage Difference	Total Proposed Monthly Rate 7-Month	Difference	Percentage Difference
0	\$69.61	\$0.43	\$69.61	\$46.34	\$0.38	0	\$46.34	(\$23.28)	-33.44%	\$79.43	\$9.82	14.11%
1000	\$69.61	\$0.43	\$70.04	\$46.34	\$0.38	1	\$46.71	(\$23.33)	-33.31%	\$80.08	\$10.04	14.33%
2000	\$69.61	\$0.43	\$70.47	\$46.34	\$0.38	2	\$47.09	(\$23.38)	-33.18%	\$80.72	\$10.26	14.56%
5000	\$69.61	\$0.43	\$71.75	\$46.34	\$0.38	5	\$48.22	(\$23.53)	-32.80%	\$82.66	\$10.91	15.20%
10000	\$69.61	\$0.43	\$73.89	\$46.34	\$0.38	10	\$50.10	(\$23.79)	-32.20%	\$85.88	\$12.00	16.24%
20000	\$69.61	\$0.43	\$78.16	\$46.34	\$0.38	20	\$53.86	(\$24.30)	-31.09%	\$92.33	\$14.17	18.13%
45289	\$69.61	\$0.43	\$88.98	\$46.34	\$0.38	45.3	\$63.38	(\$25.60)	-28.77%	\$108.65	\$19.67	22.11%
60000	\$69.61	\$0.43	\$95.27	\$46.34	\$0.38	60	\$68.92	(\$26.36)	-27.66%	\$118.14	\$22.87	24.00%
100000	\$69.61	\$0.43	\$112.38	\$46.34	\$0.38	100	\$83.97	(\$28.41)	-25.28%	\$143.95	\$31.57	28.09%
200000	\$69.61	\$0.43	\$155.15	\$46.34	\$0.38	200	\$121.60	(\$33.55)	-21.62%	\$208.46	\$53.31	34.36%
300000	\$69.61	\$0.43	\$197.92	\$46.34	\$0.38	300	\$159.24	(\$38.68)	-19.54%	\$272.98	\$75.06	37.92%
400000	\$69.61	\$0.43	\$240.69	\$46.34	\$0.38	400	\$196.87	(\$43.82)	-18.21%	\$337.49	\$96.80	40.22%
500000	\$69.61	\$0.43	\$283.46	\$46.34	\$0.38	500	\$234.50	(\$48.96)	-17.27%	\$402.01	\$118.55	41.82%
			<b>\$1,607.76</b>				<b>\$1,220.79</b>			<b>\$2,092.78</b>	<b>\$485.02</b>	<b>30.17%</b>
	Annualized		\$11,254.35				\$14,649.47		30.17%			



Running Y Utility Company  
UW 112

**RATE IMPACT - Golf Course 12"**

Commodity Rates \$0.2094 per 1,000 gal


Monthly Consumptions Customer Usage	Current Base Rate	Current Commodity Rate	Total Current Average Monthly Rate 7-Month	Proposed Customer Base Rate	Proposed Commodity Rate Per 1000 gal	Usage Factor	Total Proposed Monthly Rate 12-Month	Difference	Percentage Difference	Comparison of Proposed Monthly Rates to Current Proposed Monthly Rates when billed for 7 months instead of 12 months.		
										Total Proposed Monthly Rate 7-Month	Difference	Percentage Difference
0	\$6,227.00	\$0.22	\$6,227.00	\$3,780.00	\$0.21	0	\$3,780.00	(\$2,447.00)	-39.30%	\$6,480.00	\$253.00	4.06%
1000000	\$6,227.00	\$0.22	\$6,447.00	\$3,780.00	\$0.21	1000	\$3,989.43	(\$2,457.57)	-38.12%	\$6,839.02	\$392.02	6.08%
2000000	\$6,227.00	\$0.22	\$6,667.00	\$3,780.00	\$0.21	2000	\$4,198.85	(\$2,468.15)	-37.02%	\$7,198.03	\$531.03	7.97%
3000000	\$6,227.00	\$0.22	\$6,887.00	\$3,780.00	\$0.21	3000	\$4,408.28	(\$2,478.72)	-35.99%	\$7,557.05	\$670.05	9.73%
4000000	\$6,227.00	\$0.22	\$7,107.00	\$3,780.00	\$0.21	4000	\$4,617.70	(\$2,489.30)	-35.03%	\$7,916.07	\$809.07	11.38%
5000000	\$6,227.00	\$0.22	\$7,327.00	\$3,780.00	\$0.21	5000	\$4,827.13	(\$2,499.87)	-34.12%	\$8,275.08	\$948.08	12.94%
6000000	\$6,227.00	\$0.22	\$7,547.00	\$3,780.00	\$0.21	6000	\$5,036.56	(\$2,510.44)	-33.26%	\$8,634.10	\$1,087.10	14.40%
7000000	\$6,227.00	\$0.22	\$7,767.00	\$3,780.00	\$0.21	7000	\$5,245.98	(\$2,521.02)	-32.46%	\$8,993.11	\$1,226.11	15.79%
8000000	\$6,227.00	\$0.22	\$7,987.00	\$3,780.00	\$0.21	8000	\$5,455.41	(\$2,531.59)	-31.70%	\$9,352.13	\$1,365.13	17.09%
9000000	\$6,227.00	\$0.22	\$8,207.00	\$3,780.00	\$0.21	9000	\$5,664.84	(\$2,542.16)	-30.98%	\$9,711.15	\$1,504.15	18.33%
12030833	\$6,227.00	\$0.22	\$8,873.78	\$3,780.00	\$0.21	12031	\$6,299.57	(\$2,574.21)	-29.01%	\$10,799.27	\$1,925.48	21.70%
15000000	\$6,227.00	\$0.22	\$9,527.00	\$3,780.00	\$0.21	15000	\$6,921.39	(\$2,605.61)	-27.35%	\$11,865.25	\$2,338.25	24.54%
20000000	\$6,227.00	\$0.22	\$10,627.00	\$3,780.00	\$0.21	20000	\$7,968.52	(\$2,658.48)	-25.02%	\$13,660.33	\$3,033.33	28.54%
21000000	\$6,227.00	\$0.22	\$10,847.00	\$3,780.00	\$0.21	21000	\$8,177.95	(\$2,669.05)	-24.61%	\$14,019.34	\$3,172.34	29.25%
			<b>\$112,044.78</b>				<b>\$76,591.62</b>			<b>\$131,299.92</b>		<b>17.19%</b>
	Annualized		\$784,313.48				\$919,099.41					

# CERTIFICATE OF SERVICE

UW 112

I certify that I have this day served the foregoing document upon all parties of record in this proceeding by delivering a copy in person or by mailing a copy properly addressed with first class postage prepaid, or by electronic mail pursuant to OAR 860-13-0070, to all parties or attorneys of parties.

Dated at Salem, Oregon, this 19th day of April, 2006.



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Jason Jones  
Assistant Attorney General  
Of Attorneys for Public Utility Commission's Staff  
1162 Court Street NE  
Salem, Oregon 97301-4096  
Telephone: (503) 378-6322

**UW 112  
Service List (Parties)**

<b>DEPARTMENT OF JUSTICE</b> JASON W JONES ASSISTANT ATTORNEY GENERAL	REGULATED UTILITY & BUSINESS SECTION 1162 COURT ST NE SALEM OR 97301-4096 jason.w.jones@state.or.us
<b>EAGLE CREST INC</b>	PO BOX 1215 REDMOND OR 97756
<b>PUBLIC UTILITY COMMISSION</b> RENEE SLOAN	PO BOX 2148 SALEM OR 97308-2148 renee.sloan@state.or.us
<b>RESORT RESOURCES INC</b> LORI BLACK	PO BOX 1466 BEND OR 97709 lori@resortresources.com
<b>RUNNING Y UTILITY COMPANY</b> LEAH CHENAULT	5115 RUNNING Y ROAD KLAMATH FALLS OR 97601 leahc@runningy.com