



Oregon

Theodore R. Kulongoski, Governor

Public Utility Commission

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November 20, 2007

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

RE: **Docket No. UW 122** - In the Matter of AVION WATER COMPANY. Application to Request for a General Rate Increase.

Enclosed for electronic filing in the above-captioned docket is Renee Sloan's Direct Testimony in Support of the Stipulation.

/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

c: UW 122 Service List (parties)

**PUBLIC UTILITY COMMISSION
OF OREGON**

UW 122

STAFF DIRECT TESTIMONY

OF

RENEE SLOAN

**In the Matter of
AVION WATER COMPANY, INC'S
Request for a General Rate Increase**

November 20, 2007

CASE: UW 122
WITNESS: Renee Sloan

**PUBLIC UTILITY COMMISSION
OF
OREGON**

STAFF EXHIBIT 100

**Direct Testimony
In Support of the
Stipulation**

November 20, 2007

1 **Q. PLEASE STATE YOUR NAME, OCCUPATION, AND BUSINESS**
2 **ADDRESS.**

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

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

8 A. The Parties in this docket are Commission Staff (Staff) and Avion Water
9 Company, Inc. (Avion or Company).

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

11 A. My testimony introduces and supports the Stipulation entered into by the
12 Parties.

13 **Q. DID YOU PREPARE AN EXHIBIT FOR THIS DOCKET?**

14 A. Yes. Staff/101 contains the following documents in support of my Testimony:

15	Revenue Requirement	Staff/101, page 1
16	Summary of Adjustments	Staff/101, page 2 - 3
17	Revenue Sensitive Costs	Staff/101, page 4
18	Residential and Commercial Rate Design	Staff/101, page 5
19	Rate Impacts for Residential and	Staff/101, pages 6 - 12
20	Commercial Customers	
21	Public Fire Protection Rate Design	Staff/101, page 13
22	Commercial Water Haulers Rate Design	Staff/101, page 14
23	Cross Connection Program Rate Design	Staff/101, page 15

1 **Q. PLEASE SUMMARIZE AVION'S GENERAL RATE FILING.**

2 A. In tariffs filed with the Commission on July 17, 2007, Avion requested to
3 increase revenues by \$677,362 above the \$5,129,555 collected in 2006.
4 Additionally, the Company requested an 8.36 percent return on a rate base
5 of \$13,780,977.

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

7 A. Avion's last rate case, UW 93, was filed August 13, 2003. Following Staff's
8 investigation of that filing, the Commission approved an 8.1 percent increase
9 in revenues and a 7.44 percent rate of return on a rate base of \$13,447,498.

10 **Q. WHAT ARE THE RESULTS OF STAFF'S ANALYSIS OF AVION'S UW 122**
11 **FILING?**

12 A. Staff's investigation of Avion's application indicates a 9.63 percent increase
13 in total revenues is warranted. This compares to the overall 12.4 percent
14 increase the Company requested in its filing.

15 **Q. DID THE COMPANY STIPULATE TO STAFF'S ANALYSIS OF THE**
16 **RESULTS OF OPERATIONS FOR AVION?**

17 A. Yes, Avion agreed to a total revenue requirement of \$5,836,079. Additionally,
18 Avion agreed to Staff's recommended total Revenue Reductions of \$4,635,962
19 and Net Operating Income of \$1,200,117. The Company also agreed that
20 Avion should have a reasonable opportunity to earn an 8.44 percent rate of
21 return on a total Rate Base of \$14,442,151.

1 **Q. PLEASE EXPLAIN THE PROPOSED RATE SPREAD AGREED TO BY**
2 **THE PARTIES.**

3 A. The rate spread allocates \$5,566,241 to residential and commercial customers,
4 \$26,888 to Public Fire Protection customers, \$7,647 to Commercial Water
5 Haulers, \$191,408 to the Cross Connection Program, and \$43,857 to a Special
6 Contract.

7 With respect to rate design, Staff generally aims for a 60/40 split between
8 base and variable rates; but in Avion's last rate case (UW 93), Staff and the
9 Company agreed to a 56.5/43.5 split in order to maintain the variable rate of
10 \$0.80 per hundred cubic feet rather than lowering it. In UW 122, Staff was
11 able to set reasonable rates using the traditional 60/40 methodology.

12 **Q. PLEASE EXPLAIN WHY STAFF PROPOSED A MODIFICATION OF THE**
13 **AWWA FACTORS AVION PROPOSED TO ALLOCATE BASE RATES BY**
14 **METER SIZE.**

15 A. In the instance where a company has different meter sizes, Staff's practice is to
16 apply AWWA factors, or modified factors to the different size meters. Avion's
17 water rates are based upon a cost of service rate structure which includes the
18 cost of providing water and operating and maintaining the water system. The
19 effect of using the AWWA factors is to increase the rates charged to customers
20 with larger meters. From a conceptual standpoint, increasing the rates to
21 customers with larger meters is reasonable because those customers place a
22 greater potential demand on the water system. The AWWA factors are
23 multiplied to the base rate of the 5/8-inch and 3/4-inch meter size to obtain the

1 base rate of larger size meters. As an example, if using the AWWA factors, the
2 base rate of a 1-inch meter would be 2.5 times greater than the base rate of
3 5/8-inch or 3/4-inch meter.

4 Avion currently uses modified AWWA factors, but proposed using full
5 AWWA factors in tariffs filed with its application.

6 **Q. DOES STAFF PROPOSE RATES BASED ON STRICT APPLICATION OF**
7 **AWWA FACTORS?**

8 A. No. Staff felt that using full factors would result in increases that would cause
9 rate shock for some customers. To soften the base rate increases, Staff
10 applied modified factors for 3/4-inch and larger size meters.¹ Except for the
11 3/4-inch meter, Staff's proposed factors are higher than those used in UW 93,
12 yet low enough to result in reasonable rates. Table 1 compares the full AWWA
13 factors to those used in UW 93 and those proposed by Staff in UW 122:

TABLE 1 – AWWA Factors Comparison

Meter Size	AWWA Factor	UW 93 Factor	Staff Modified Factor
5/8"	1.00	1.00	1.00
3/4"	1.00	1.21	1.15
1"	2.50	1.43	1.77
1.5"	5.00	2.47	3.20
2"	8.00	4.31	5.60
3"	15.00	6.66	8.65
4"	25.00	9.93	12.90

14
15 As illustrated by Table 1, increases for the larger size meters were reduced
16 by Staff's proposed modified factors as compared to strict application of the

¹ The factor used for 3/4-inch meters in UW 93 is larger than the AWWA factor for that size meter. In UW 122, Staff lowered the number to move the factor closer to the AWWA factor, and proposes to match the AWWA factor in a future rate case.

1 AWWA factors. The Parties agree that using Staff's proposed modified factors
2 is reasonable because:

- 3 ▪ Although modified AWWA factors were previously used by Avion, using
4 full AWWA factors would cause the rate increases to larger user meters
5 to be unacceptable; and
- 6 ▪ The use of Staff's proposed modified AWWA factors still takes into
7 account that larger meters do place a greater potential demand on the
8 water system, and customers with larger meters should pay higher base
9 rates because of this potential demand.
- 10 ▪ To soften the overall increase, Staff made an additional reduction of
11 \$0.60 to the 1-inch meter base rate. Staff was able to lower this base
12 rate without affecting overall revenue by offsetting additional revenue
13 that resulted from the rounding of the commodity rate from the
14 calculated \$0.81786 to the recommended commodity rate of \$0.82.

15 **Q. WHAT ARE THE STIPULATED RATES FOR RESIDENTIAL AND**
16 **COMMERCIAL CUSTOMERS?**

17 A. Staff and the Company agreed that commercial customers would continue
18 to pay the same rates as residential customers for the same sized meter.
19 Table 2 compares Avion's current rates, Avion's proposed rates filed with the
20 Application, and final rates agreed to by the Parties:

TABLE 2 - Residential and Commercial Rates

Meter Size	Current Rates	Avion Proposed	Stipulated Rates
5/8" x 3/4	\$20.82	\$22.52	\$22.51
3/4"	\$25.24	\$33.78	\$25.88
1"	\$29.67	\$56.30	\$39.24
1.5"	\$51.48	\$112.60	\$72.02
2"	\$89.65	\$180.16	\$126.04
3"	\$138.68	\$360.32	\$194.68
4"	\$206.78	\$563.00	\$290.33
Variable per 100 cf	\$0.80	\$0.89	\$0.82

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2
3
4
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Q. PLEASE DESCRIBE THE RATE IMPACTS FOR RESIDENTIAL AND COMMERCIAL CUSTOMERS?

A. Table 3 shows a comparison of current, Company proposed, and stipulated average monthly rates.

TABLE 3 - Average Rates (Residential / Commercial)

Meter Size	Current	Avion Proposed ²	Percent Increase	Stipulated	Percent Increase
5/8" x 3/4"	\$34.07	\$37.33	9.57%	\$36.05	5.82%
3/4"	\$52.85	\$64.63	22.29%	\$54.11	2.38%
1"	\$53.82	\$83.29	54.76%	\$63.92	18.78%
1.5"	\$161.35	\$241.53	49.69%	\$184.34	14.25%
2"	\$163.46	\$262.65	60.68%	\$201.49	23.27%
3"	\$607.24	\$910.19	49.89%	\$673.71	10.94%
4"	\$1,183.43	\$1,709.11	44.42%	\$1,288.79	8.90%

6
7
8
9

Staff/101, pages 6 through 12, contains the rate impacts of the stipulated rates for each meter size. Please note that the percent increases for the 3-inch and 4-inch meters are lower than the 1-inch, 1.5-inch, and 2-inch

² Using full AWWA Factors.

1 meters because of the higher consumption patterns of these users and the
2 relatively low increase in the commodity rate from \$0.80 to \$0.82.

3 **Q. WHAT ARE THE STIPULATED PUBLIC FIRE PROTECTION RATES?**

4 A. Table 4 compares current rates, proposed rates filed with the Application, and
5 final rates agreed to by Staff and Avion. Fire Protection customers do not pay a
6 variable rate.

TABLE 4 - Fire Protection Flat Rate

Meter Size	Current	Avion Proposed	Stipulated	Percent Increase
4" or less	\$16.45	\$17.50	\$17.50	6.38%
6"	\$36.06	\$38.33	\$38.33	6.28%
8"	\$63.20	\$67.20	\$67.20	6.33%
10"	\$98.08	\$104.30	\$104.30	6.34%
12"	\$140.57	\$149.63	\$149.63	6.44%
Hydrants	\$10.00	\$10.68	\$11.00	9.99%

7

8 **Q. WHAT IS THE RATE AGREED TO FOR COMMERCIAL WATER**
9 **HAULERS?**

10 A. The Parties stipulated to a variable rate of \$0.83 per 100 cubic feet for
11 Commercial Water Haulers, who currently pay \$0.75 per 100 cubic feet.
12 Commercial Water Haulers do not pay a base rate.

13 **Q. DOES THE STIPULATION INCLUDE A CHANGE IN RATES FOR THE**
14 **CROSS CONNECTION PROGRAM AS PROPOSED IN AVION'S**
15 **APPLICATION?**

16 A. No. In its application, the Company proposed increasing the monthly charge
17 from \$2.50 to \$2.65 for customers who do not opt out of Avion's Cross
18 Connection Program. During settlement discussions, Avion reconsidered

1 the proposed increase, and the Parties agreed to maintain the current rate.³

2 Current rate levels are reasonable given the relationship of revenues and costs
3 for the Cross Connection Program. The Company and Staff agreed that this
4 rate will be re-examined in all subsequent rate applications to ensure that
5 program revenues meet program costs and the rates are just and reasonable.

6 **Q. ARE THE RESULTING RATES FAIR AND REASONABLE TO AVION'S**
7 **CUSTOMERS?**

8 A. Yes. Based on Staff's investigation and the documented costs provided
9 by Avion, the Parties believe the stipulated revenue requirement generates
10 rates that are just and reasonable. The stipulated rates will provide adequate
11 revenue to cover Avion's reasonable expenses and allow the Company an
12 opportunity to earn a reasonable return on its investment.

13 **Q. WHAT IS YOUR RECOMMENDATION REGARDING THE STIPULATION?**

14 A. I recommend that the Commission admit the Stipulation into the UW 122 record
15 and adopt the Stipulation in its entirety.

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

17 A. Yes.

³ Staff's results of analysis resulted in a monthly rate of \$2.75. By maintaining \$2.50 per month, the Company agreed to forgo \$19,218 in revenues (6,376 customers x 12 months x \$0.25). The result is a Net Operating Income of \$1,200,117 instead of \$1,219,245 as calculated by the model.

CASE: UW 122
WITNESS: Renee Sloan

**PUBLIC UTILITY COMMISSION
OF
OREGON**

STAFF EXHIBIT 101

**Exhibits in Support of
Direct Testimony**

November 20, 2007

Company: Avion Water Co., Inc.
Rate Application
Test Year: 2006

Company Case
12.4%

Staff Case
9.63%

		A	B	C	D	E	F	G	H	I
Acct. No.	REVENUES	Balance Per Application Test Year: 2006	Proposed Company Adjustments	Adjusted Results (A+B=C)	Company Proposed Rev Changes	Proposed Results (C+D=E)	Proposed Staff Adjustments	Adjusted Results (A+D = E)	Staff Proposed Rev Changes	Proposed Results (C+D=E)
1	461.1 Residential & commercial Water Sales	4,816,323	337,143	5,153,466	641,895	5,795,361	240,816	5,057,139	509,102	5,566,241
2	461.2 Commercial Water Sales	0	0	0	0	0	0	0	0	0
3	462.1 Public Fire Protection	23,603	0	23,603	2,940	26,543	826	24,429	2,459	26,888
4	462.2 Private Fire Protection	0	0	0	0	0	0	0	0	0
5	466 Sales for RESALE (Comm Water Haulers)	6,948	0	6,948	865	7,813	0	6,948	699	7,647
6	471 Misc. Revenues	19,047	0	19,047	2,372	21,419	(19,047)	0	0	0
7	474 Other Water Revenue	71,345	4,994	76,339	9,508	85,847	(71,345)	0	0	0
8	475 Cross Connection Control Program	148,432	10,390	158,822	19,782	178,604	42,848	191,280	19,256	191,408
9	Special Contracts (Const cos Bulk use)	43,857	0	43,857	0	43,857	0	43,857	0	43,857
11	TOTAL REVENUE	5,129,555	352,527	5,482,082	677,362	6,159,444	194,098	5,323,653	531,553	5,836,079
OPERATING EXPENSES										
12	601 Salaries and Wages - Employees	853,280	42,664	895,944		895,944	(12,171)	841,109		841,109
13	603 Salaries and Wages - Officers	177,298	0	177,298		177,298	127,660	304,958		304,958
14	604 Employee Pension & Benefits	332,021	49,734	381,755		381,755	72,084	404,105		404,105
15	610 Purchased Water	0	0	0		0	0	0		0
16	611 Telephone/Communications	26,560	797	27,357		27,357	16,386	42,946		42,946
17	615 Purchased Power	429,867	12,896	442,763		442,763	26,312	456,179		456,179
18	617 Utilities - Other	1,817	55	1,872		1,872	172	1,989		1,989
19	618 Chemical / Treatment Expense	0	0	0		0	0	0		0
20	619 Office Supplies	30,522	110	30,632		30,632	(11,362)	19,160		19,160
21	619.1 Postage	7,862	393	8,255		8,255	402	8,264		8,264
22	620 O&M Materials/Supplies	143,507	4,305	147,812		147,812	(26,842)	116,665		116,665
23	621 Repairs to Water Plant	64,160	1,925	66,085		66,085	56,450	120,610		120,610
24	631 Contract Svcs - Engineering	15,414	462	15,876		15,876	1,421	16,835		16,835
25	632 Contract Svcs - Accounting	5,584	168	5,752		5,752	(1,038)	4,546		4,546
26	633 Contract Svcs - Legal	32,076	962	33,038		33,038	(4,640)	27,436		27,436
27	634 Contract Svcs - Management Fees	0	0	0		0	0	0		0
28	635 Contract Svcs - Testing	29,594	888	30,482		30,482	(500)	29,094		29,094
29	636 Contract Svcs - Labor	30,452	914	31,366		31,366	(30,452)	0		0
30	637 Contract Svcs - Billing/Collection	73,481	0	73,481		73,481	5,944	79,425		79,425
31	638 Contract Svcs - Meter Reading	76,187	2,266	78,473		78,473	9,746	85,933		85,933
32	639 Contract Svcs - Other	120,003	3,600	123,603		123,603	(90,944)	29,059		29,059
33	641 Rental of Building/Real Property	15,202	456	15,658		15,658	456	15,658		15,658
34	642 Rental of Equipment	10,353	311	10,664		10,664	149	10,502		10,502
35	643 Small Tools	9,215	276	9,491		9,491	(1,211)	8,004		8,004
36	648 Computer/Electronic Expenses	32,247	967	33,214		33,214	(14,229)	18,018		18,018
37	650 Transportation	118,700	12,000	130,700		130,700	(7,168)	111,532		111,532
38	656 Vehicle Insurance	25,122	(5,300)	19,822		19,822	(5,762)	19,360		19,360
39	657 General Liability Insurance	78,224	(21,295)	56,929		56,929	(15,995)	62,229		62,229
40	658 Workers' Comp Insurance	42,216	(1,143)	41,073		41,073	8,732	50,948		50,948
41	659 Insurance - Other	64,995	1,950	66,945		66,945	(41,361)	23,634		23,634
42	660 Public Relations/Advertising	0	0	0		0	0	0		0
43	666 Amortz. of Rate Case	0	0	0		0	0	0		0
44	667 Gross Revenue Fee (PUC)	12,209	881	13,091	1,694	14,785	881	13,091	1,329	14,420
45	668 Water Resource Conservation	5,092	153	5,245		5,245	7,029	12,121		12,121
46	670 Bad Debt Expense	10,785	324	11,109		11,109	324	11,109		11,109
47	671 Cross Connection Control Program	149,062	1,835	150,897		150,897	(7,071)	141,991		141,991
48	672 System Capacity Dev Program	0	0	0		0	0	0		0
49	673 Training and Certification	25,706	771	26,477		26,477	(13,839)	11,867		11,867
50	674 Consumer Confidence Report	3,498	105	3,603		3,603	112	3,610		3,610
51	675 General Expense	3,396	215,215	218,611		218,611	130,261	133,657		133,657
52	TOTAL OPERATING EXPENSE	3,055,707	329,664	3,385,372	1,694	3,387,066	179,938	3,235,645	1,329	3,236,974
OTHER REVENUE DEDUCTIONS										
53	403 Depreciation Expense	408,876	0	408,876		408,876	40,138	449,014		449,014
54	407 Amortization Expense	0	0	0		0	0	0		0
55	408.11 Property Tax	215,155	6,455	221,610		221,610	30,118	245,273		245,273
56	408.12 Payroll Tax	90,256	3,699	93,955		93,955	15,233	105,489		105,489
57	408.13 Other Taxes - Bend Franchise	56,209	280	56,489		56,489	(56,209)	0		0
58	409.11 Oregon Income Tax	99,515	820	100,335	44,597	144,932	(35,167)	64,348	34,995	99,343
59	409.10 Federal Income Tax	478,770	1,741	480,511	214,580	695,091	(147,279)	331,491	168,378	499,869
60	TOTAL REVENUE DEDUCTIONS	4,404,488	342,660	4,747,148	260,871	5,008,019	26,772	4,431,260	204,702	4,635,962
61	NET OPERATING INCOME	725,067	9,867	734,934	416,491	1,151,425	167,327	892,393	326,852	1,219,245
62	101 Utility Plant in Service	17,940,497	0	17,940,497		17,940,497	645,179	18,585,676		18,585,676
63	Less:									
64	108.1 Depreciation Reserve	4,382,160	0	4,382,160		4,382,160	(1,302)	4,380,858		4,380,858
65	271 Contributions in Aid of Const	0	0	0		0	0	0		0
66	272 Amortization of CIAC	0	0	0		0	0	0		0
67	281 Accumulated Deferred Income Tax	234,243	0	234,243		234,243	0	234,243		234,243
68	Net Utility Plant	13,324,094	0	13,324,094		13,324,094	646,481	13,970,575	0	13,970,575
69	Plus: (working capital)									
70	151 Materials and Supplies Inventory	201,939	0	201,939		201,939	0	201,939		201,939
71	Working Cash (Total Op Exp /12)	254,642	0	254,642	301	254,943	14,995	269,637	0	269,637
72	TOTAL RATE BASE	13,780,675	0	13,780,675	301	13,780,976	661,476	14,442,151	0	14,442,151
73	Rate of Return	5.26%		5.33%		8.36%		6.18%		8.44%

1,200,117
Stipulated

cash flow \$1,560,301 cash flow \$1,668,259
op exp/cst/year \$304 op exp/cst/year \$291

Company: Avion Water Co., Inc.				
Test Year: 2006				
SUMMARY OF ADJUSTMENTS				
			Staff Adjustments to Rev Req Column D	Reason for Adjustment
REVENUES				
1	461	Residential & commercial Water Sales	240,816	Company growth (5%)
2	461	Commercial Water Sales	0	
3	465	Public Fire Protection	826	Company growth
4	462	Private Fire Protection	0	
5	466	Sales for RESALE (Comm Water Haulers)	0	Company growth
6	471	Misc. Revenues	(19,047)	Removed Disconnect/Reconnect
7	474	Other Water Revenue	(71,345)	Removed Bend Franchise (Pass -Thru) & Returned Check, Finance Charges.
8	475	Cross Connection Control Program	42,848	Based on DCVA customers of 6,376 (Company supplied number).
9		Special Contracts (Const cos Bulk use)	0	
11		TOTAL REVENUE	194,098	
OPERATING EXPENSES				
12	601	Salaries and Wages - Employees	(12,171)	3.2% cola on employee wages; allocated 11.41% total wages to capital plant. Included 50% of bonuses. Placed all other clearings back into wages. Added 1.5 FTE.
13	603	Salaries and Wages - Officers	127,660	Included VP and CFO into Officers. 3.2% cola on officer wages; allocated 6.23% total salary to capital plant.
14	604	Employee Pension & Benefits	72,084	Increase in 401(k) due to 3.2% COLA increase in wages; increased medical and dental health insurance by 9.7% based on latest industry data (Milliman). Added benefits for 1.0 FTE.
15	610	Purchased Water	0	
16	611	Telephone/Communications	16,386	Moved Centratel from Acct #239, and escalated 3.2%.
17	615	Purchased Power	26,312	5% PPL increase per UE 179.
	617	Utilities - Other	172	Moved \$110.05 from Acct #239 and escalated 3.2%.
19	618	Chemical / Treatment Expense	0	
20	619	Office Supplies	(11,362)	Moved \$3,524.25 to other Accounts and escalated revised total 3.2%.
21	619	Postage	402	5% postage increase by USPS.
22	620	O&M Materials/Supplies	(26,842)	Removed Payroll, moved some to Plant and othr accts.
23	621	Repairs to Water Plant	56,450	Removed \$5,960 Payroll amounts; Moved \$58,957 from other accounts.
24	631	Contract Svcs - Engineering	1,421	Based on submitted O&M invoices and escalated by 3.2%.
25	632	Contract Svcs - Accounting	(1,038)	Based on submitted invoices and escalated by 3.2%.
26	633	Contract Svcs - Legal	(4,640)	Based on invoices. Moved \$8,562.44 to Acct #668.
27	634	Contract Svcs - Management Fees	0	
28	635	Contract Svcs - Testing	(500)	4-year average per lab.
29	636	Contract Svcs - Labor	(30,452)	Moved to Other Accounts, mainly Repairs.
30	637	Contract Svcs - Billing/Collection	5,944	Based on 2006 invoices + 3.2% escalation. (August billing info obtained from September invoice).
31	638	Contract Svcs - Meter Reading	9,746	Based on 2006 invoices + 3.2% escalation. (Moved \$7,081.25 from Contract Labor, Acct 638)
32	639	Contract Svcs - Other	(90,944)	Moved to Other Accounts, mostly to Repairs.
33	641	Rental of Building/Real Property	456	Based on monthly amount and escalation clause in lease.
34	642	Rental of Equipment	149	
32	643	Small Tools	(1,211)	Moved to Computer/Electronics
33	648	Computer/Electronic Expenses	(14,229)	Moved to Contract Services- Other
37	650	Transportation	(7,168)	Removed 50% of lease cost, fuel, and maintenance for personal vehicle. Removed Payroll costs.
38	656	Vehicle Insurance	(5,762)	Premium reduction due to new carrier.
39	657	General Liability Insurance	(15,995)	Premium reduction due to new carrier; based on documented policies.

SUMMARY OF ADJUSTMENTS (Continued)				
40	658	Workers' Comp Insurance	8,732	Reflects increase in rates based on increased experience rating.
41	659	Insurance - Other	(41,361)	
42	660	Public Relations/Advertising	0	
43	666	Amortz. of Rate Case	0	
44	667	Gross Revenue Fee (PUC)	881	Calculated
45	668	Water Resource Conservation	7,029	Moved related expense from Legal; Removed duplicate invoice.
46	670	Bad Debt Expense	324	
47	671	Cross Connection Control Program	(7,071)	Moved wages, taxes, benefits, and transportation expenses and placed in Accounts 601, 603, 604,650, 656, 658, and 408. Escalated non-labor by Company growth
48	672	System Capacity Dev Program	0	
49	673	Training and Certification	(13,839)	Based on invoices and escalated by 3.2%.
50	674	Consumer Confidence Report	112	3.2% inflation adjustment
51	675	General Expense	130,261	Loan guarantee fees (UI 268) plus other documented fees included fees removed from Account 408. Also placed Bank Fees in this account.
52		TOTAL OPERATING EXPENSE	179,938	
		OTHER REVENUE DEDUCTIONS		
53	403	Depreciation Expense	40,138	2008 Depreciation Expense
54	407	Amortization Expense	0	
52	408	Property Tax	30,118	Actual plus calculated new construction property tax.
53	408	Payroll Tax	15,233	Increase due to wage increases and removing payroll tax clearings from O&M accounts; removed capital amounts.
54	408	Other Taxes - Bend Franchise	(56,209)	Removed City of Bend Franchise Fee from both revenue and expenses, other fees moved to Acct 675.
55	409	Oregon Income Tax	(35,167)	Calculated
56	409	Federal Income Tax	(147,279)	Calculated
57		TOTAL REVENUE DEDUCTIONS	26,772	
58		NET OPERATING INCOME	167,327	
62	101	Utility Plant in Service	645,179	Added Capitalized Interest & Wages for Dyer project
63		Less:		
64	108	Depreciation Reserve	(1,302)	
65	271	Contributions in Aid of Const	0	
66	272	Amortization of CIAC	0	
67	281	Accumulated Deferred Income Tax	0	
68		Net Utility Plant	646,481	
69		Plus: (working capital)		
70	151	Materials and Supplies Inventory	0	
71		Working Cash (Total Op Exp /12)	14,995	
72		TOTAL RATE BASE	661,476	
73		Rate of Return		

	A	B	C	D	E	F	G	H	I	J
1	Company: Avion Water Co., Inc.									
2	Test Year: 2006									
3										
4	REVENUE SENSITIVE COSTS									
5	COST OF CAPITAL									
6	Revenues			1.0000						
7	O&M - Uncollectibles			0.0000						
8	Franchise Fees			0.0000						
9	OPUC Fee			0.0025						
10	Short-term Interest			0.0000						
11	State Taxable Income			0.9975						
12	State Income Tax @		6.60%	0.0658						
13	Federal Taxable Income			0.9317						
14	Federal Income Tax @		34.00%	0.3168						
15	Total Income Taxes			0.3826						
16	Total Revenue Sensitive Costs			0.3851						
17	Utility Operating Income			0.6149						
18	Net-to-Gross Factor			1.6263						
19										
20										
21										
22										
23										
24										
25										
26										
27										
28										

	DEBT	Capital Structure	Cost	Weighted Cost
Bank of the Cascades	\$3,824,305	26.48%	7.50%	1.99%
Bank of the Cascades	\$2,600,000	18.00%	8.17%	1.47%
ODOE Bond	\$1,520,127	10.53%	4.62%	0.49%
	\$7,944,432			3.94%
EQUITY				
	\$6,497,719	44.99%	10.00%	4.50%
	\$14,442,151	100.00%		8.44%

Added \$3,000 to renew LOC to Bank of Cascades Loan (\$3,821,305).

Company: Avion Water
Test Year: 2006

RATE IMPACT - RESIDENTIAL/COMMERCIAL (5/8") - 1 TIER

Commodity Rate		\$0.82									
Monthly Consumptions Customer Usage	Current Base Rate	Current Commodity Rate	Total Current Average Monthly Rate	Proposed Customer Base Rate	Proposed Commodity Rate Per	Usage Factor	Total Proposed Monthly Rate	Difference	Percentage Difference		
0	\$20.82	\$0.80	\$20.82	\$22.51	\$0.82	0	\$22.51	\$1.69	8.10%		
700	\$20.82	\$0.80	\$26.42	\$22.51	\$0.82	7	\$28.23	\$1.81	6.86%		
1050	\$20.82	\$0.80	\$29.22	\$22.51	\$0.82	10.5	\$31.09	\$1.87	6.41%		
1400	\$20.82	\$0.80	\$32.02	\$22.51	\$0.82	14	\$33.96	\$1.94	6.05%		
1656	\$20.82	\$0.80	\$34.07	\$22.51	\$0.82	16.56	\$36.05	\$1.98	5.82%		
1750	\$20.82	\$0.80	\$34.82	\$22.51	\$0.82	17.5	\$36.82	\$2.00	5.74%		
2100	\$20.82	\$0.80	\$37.62	\$22.51	\$0.82	21	\$39.68	\$2.06	5.48%		
2450	\$20.82	\$0.80	\$40.42	\$22.51	\$0.82	24.5	\$42.54	\$2.12	5.25%		
2800	\$20.82	\$0.80	\$43.22	\$22.51	\$0.82	28	\$45.41	\$2.19	5.06%		
3150	\$20.82	\$0.80	\$46.02	\$22.51	\$0.82	31.5	\$48.27	\$2.25	4.89%		
3500	\$20.82	\$0.80	\$48.82	\$22.51	\$0.82	35	\$51.13	\$2.31	4.73%		
3850	\$20.82	\$0.80	\$51.62	\$22.51	\$0.82	38.5	\$53.99	\$2.37	4.60%		
4200	\$20.82	\$0.80	\$54.42	\$22.51	\$0.82	42	\$56.86	\$2.44	4.48%		
4550	\$20.82	\$0.80	\$57.22	\$22.51	\$0.82	45.5	\$59.72	\$2.50	4.37%		
4900	\$20.82	\$0.80	\$60.02	\$22.51	\$0.82	49	\$62.58	\$2.56	4.27%		
5250	\$20.82	\$0.80	\$62.82	\$22.51	\$0.82	52.5	\$65.44	\$2.62	4.18%		
5600	\$20.82	\$0.80	\$65.62	\$22.51	\$0.82	56	\$68.31	\$2.69	4.09%		
5950	\$20.82	\$0.80	\$68.42	\$22.51	\$0.82	59.5	\$71.17	\$2.75	4.02%		
							\$813.61				
							\$853.76				

Company: Avion Water
Test Year: 2006

RATE IMPACT - RESIDENTIAL/COMMERCIAL (3/4") - 1 TIER

Commodity Rate												\$0.82	
Monthly Consumptions Customer Usage	Current Base Rate	Current Commodity Rate	Total Current Average Monthly Rate	Proposed Customer Base Rate	Proposed Commodity Rate Per	Usage Factor	Total Proposed Monthly Rate	Difference	Percentage Difference				
0	\$25.24	\$0.80	\$25.24	\$25.88	\$0.82	0	\$25.88	\$0.64	2.54%				
700	\$25.24	\$0.80	\$30.84	\$25.88	\$0.82	7	\$31.61	\$0.77	2.49%				
1050	\$25.24	\$0.80	\$33.64	\$25.88	\$0.82	10.5	\$34.47	\$0.83	2.47%				
1400	\$25.24	\$0.80	\$36.44	\$25.88	\$0.82	14	\$37.33	\$0.89	2.45%				
1750	\$25.24	\$0.80	\$39.24	\$25.88	\$0.82	17.5	\$40.19	\$0.95	2.43%				
2100	\$25.24	\$0.80	\$42.04	\$25.88	\$0.82	21	\$43.06	\$1.02	2.42%				
2450	\$25.24	\$0.80	\$44.84	\$25.88	\$0.82	24.5	\$45.92	\$1.08	2.41%				
2800	\$25.24	\$0.80	\$47.64	\$25.88	\$0.82	28	\$48.78	\$1.14	2.40%				
3150	\$25.24	\$0.80	\$50.44	\$25.88	\$0.82	31.5	\$51.64	\$1.20	2.39%				
3451	\$25.24	\$0.80	\$52.85	\$25.88	\$0.82	34.5	\$54.11	\$1.26	2.38%				
3500	\$25.24	\$0.80	\$53.24	\$25.88	\$0.82	35	\$54.51	\$1.27	2.38%				
3850	\$25.24	\$0.80	\$56.04	\$25.88	\$0.82	38.5	\$57.37	\$1.33	2.37%				
4200	\$25.24	\$0.80	\$58.84	\$25.88	\$0.82	42	\$60.23	\$1.39	2.37%				
4550	\$25.24	\$0.80	\$61.64	\$25.88	\$0.82	45.5	\$63.10	\$1.46	2.36%				
4900	\$25.24	\$0.80	\$64.44	\$25.88	\$0.82	49	\$65.96	\$1.52	2.35%				
5250	\$25.24	\$0.80	\$67.24	\$25.88	\$0.82	52.5	\$68.82	\$1.58	2.35%				
5600	\$25.24	\$0.80	\$70.04	\$25.88	\$0.82	56	\$71.68	\$1.64	2.35%				
5950	\$25.24	\$0.80	\$72.84	\$25.88	\$0.82	59.5	\$74.55	\$1.71	2.34%				
			\$907.53				\$929.21						

Company: Avion Water
Test Year: 2006

RATE IMPACT - RESIDENTIAL/COMMERCIAL (1'') - 1 TIER

Monthly Consumptions Customer Usage	Current Base Rate	Current Commodity Rate	Total Current Average Monthly Rate	Proposed Customer Base Rate	Proposed Commodity Rate Per	Usage Factor	Total Proposed Monthly Rate	Difference	Percentage Difference
				\$0.82					
0	\$29.67	\$0.80	\$29.67	\$39.24	\$0.82	0	\$39.24	\$9.57	32.24%
700	\$29.67	\$0.80	\$35.27	\$39.24	\$0.82	7	\$44.96	\$9.69	27.48%
1050	\$29.67	\$0.80	\$38.07	\$39.24	\$0.82	10.5	\$47.82	\$9.75	25.62%
1400	\$29.67	\$0.80	\$40.87	\$39.24	\$0.82	14	\$50.69	\$9.82	24.02%
1750	\$29.67	\$0.80	\$43.67	\$39.24	\$0.82	17.5	\$53.55	\$9.88	22.62%
2100	\$29.67	\$0.80	\$46.47	\$39.24	\$0.82	21	\$56.41	\$9.94	21.39%
2450	\$29.67	\$0.80	\$49.27	\$39.24	\$0.82	24.5	\$59.27	\$10.00	20.30%
2800	\$29.67	\$0.80	\$52.07	\$39.24	\$0.82	28	\$62.14	\$10.07	19.33%
3019	\$29.67	\$0.80	\$53.82	\$39.24	\$0.82	30.2	\$63.92	\$10.11	18.78%
3150	\$29.67	\$0.80	\$54.87	\$39.24	\$0.82	31.5	\$65.00	\$10.13	18.46%
3500	\$29.67	\$0.80	\$57.67	\$39.24	\$0.82	35	\$67.86	\$10.19	17.67%
3850	\$29.67	\$0.80	\$60.47	\$39.24	\$0.82	38.5	\$70.72	\$10.25	16.96%
4200	\$29.67	\$0.80	\$63.27	\$39.24	\$0.82	42	\$73.59	\$10.32	16.31%
4550	\$29.67	\$0.80	\$66.07	\$39.24	\$0.82	45.5	\$76.45	\$10.38	15.71%
4900	\$29.67	\$0.80	\$68.87	\$39.24	\$0.82	49	\$79.31	\$10.44	15.16%
5250	\$29.67	\$0.80	\$71.67	\$39.24	\$0.82	52.5	\$82.17	\$10.50	14.66%
5600	\$29.67	\$0.80	\$74.47	\$39.24	\$0.82	56	\$85.04	\$10.57	14.19%
5950	\$29.67	\$0.80	\$77.27	\$39.24	\$0.82	59.5	\$87.90	\$10.63	13.76%
			\$983.81				\$1,166.04		

Company: Avion Water
Test Year: 2006

RATE IMPACT - RESIDENTIAL/COMMERCIAL (1.5") - 1 TIER

Commodity Rate													
Monthly Consumptions Customer Usage	Current Base Rate	Current Commodity Rate	Total Current Average Monthly Rate	Proposed Customer Base Rate	Proposed Commodity Rate Per	Usage Factor	Total Proposed Monthly Rate	Difference	Percentage Difference				
	\$0.82												
0	\$51.48	\$0.80	\$51.48	\$72.02	\$0.82	0	\$72.02	\$20.54	39.90%				
700	\$51.48	\$0.80	\$57.08	\$72.02	\$0.82	7	\$77.75	\$20.67	36.20%				
1050	\$51.48	\$0.80	\$59.88	\$72.02	\$0.82	10.5	\$80.61	\$20.73	34.62%				
1400	\$51.48	\$0.80	\$62.68	\$72.02	\$0.82	14	\$83.47	\$20.79	33.17%				
1750	\$51.48	\$0.80	\$65.48	\$72.02	\$0.82	17.5	\$86.33	\$20.85	31.85%				
2100	\$51.48	\$0.80	\$68.28	\$72.02	\$0.82	21	\$89.20	\$20.92	30.63%				
2450	\$51.48	\$0.80	\$71.08	\$72.02	\$0.82	24.5	\$92.06	\$20.98	29.51%				
2800	\$51.48	\$0.80	\$73.88	\$72.02	\$0.82	28	\$94.92	\$21.04	28.48%				
3150	\$51.48	\$0.80	\$76.68	\$72.02	\$0.82	31.5	\$97.78	\$21.10	27.52%				
3500	\$51.48	\$0.80	\$79.48	\$72.02	\$0.82	35	\$100.65	\$21.17	26.63%				
3850	\$51.48	\$0.80	\$82.28	\$72.02	\$0.82	38.5	\$103.51	\$21.23	25.80%				
4200	\$51.48	\$0.80	\$85.08	\$72.02	\$0.82	42	\$106.37	\$21.29	25.02%				
4550	\$51.48	\$0.80	\$87.88	\$72.02	\$0.82	45.5	\$109.23	\$21.35	24.30%				
4900	\$51.48	\$0.80	\$90.68	\$72.02	\$0.82	49	\$112.10	\$21.42	23.62%				
5250	\$51.48	\$0.80	\$93.48	\$72.02	\$0.82	52.5	\$114.96	\$21.48	22.98%				
5600	\$51.48	\$0.80	\$96.28	\$72.02	\$0.82	56	\$117.82	\$21.54	22.37%				
5950	\$51.48	\$0.80	\$99.08	\$72.02	\$0.82	59.5	\$120.68	\$21.60	21.80%				
13734	\$51.48	\$0.80	\$161.35	\$72.02	\$0.82	137.3	\$184.34	\$22.99	14.25%				
			\$1,462.11				\$1,843.79						

Company: Avion Water
Test Year: 2006

RATE IMPACT - RESIDENTIAL/COMMERCIAL (2") - 1 TIER

Commodity Rate		\$0.82									
Monthly Consumptions Customer Usage	Current Base Rate	Current Commodity Rate	Total Current Average Monthly Rate	Proposed Customer Base Rate	Proposed Commodity Rate Per	Usage Factor	Total Proposed Monthly Rate	Difference	Percentage Difference		
0	\$89.65	\$0.80	\$89.65	\$126.04	\$0.82	0	\$126.04	\$36.39	40.59%		
700	\$89.65	\$0.80	\$95.25	\$126.04	\$0.82	7	\$131.76	\$36.51	38.33%		
1050	\$89.65	\$0.80	\$98.05	\$126.04	\$0.82	10.5	\$134.62	\$36.57	37.30%		
1400	\$89.65	\$0.80	\$100.85	\$126.04	\$0.82	14	\$137.49	\$36.64	36.33%		
1750	\$89.65	\$0.80	\$103.65	\$126.04	\$0.82	17.5	\$140.35	\$36.70	35.41%		
2100	\$89.65	\$0.80	\$106.45	\$126.04	\$0.82	21	\$143.21	\$36.76	34.53%		
2450	\$89.65	\$0.80	\$109.25	\$126.04	\$0.82	24.5	\$146.07	\$36.82	33.70%		
2800	\$89.65	\$0.80	\$112.05	\$126.04	\$0.82	28	\$148.94	\$36.89	32.92%		
3150	\$89.65	\$0.80	\$114.85	\$126.04	\$0.82	31.5	\$151.80	\$36.95	32.17%		
3500	\$89.65	\$0.80	\$117.65	\$126.04	\$0.82	35	\$154.66	\$37.01	31.46%		
3850	\$89.65	\$0.80	\$120.45	\$126.04	\$0.82	38.5	\$157.52	\$37.07	30.78%		
4200	\$89.65	\$0.80	\$123.25	\$126.04	\$0.82	42	\$160.39	\$37.14	30.13%		
4550	\$89.65	\$0.80	\$126.05	\$126.04	\$0.82	45.5	\$163.25	\$37.20	29.51%		
4900	\$89.65	\$0.80	\$128.85	\$126.04	\$0.82	49	\$166.11	\$37.26	28.92%		
5250	\$89.65	\$0.80	\$131.65	\$126.04	\$0.82	52.5	\$168.97	\$37.32	28.35%		
5600	\$89.65	\$0.80	\$134.45	\$126.04	\$0.82	56	\$171.84	\$37.39	27.81%		
5950	\$89.65	\$0.80	\$137.25	\$126.04	\$0.82	59.5	\$174.70	\$37.45	27.28%		
9226	\$89.65	\$0.80	\$163.46	\$126.04	\$0.82	92.3	\$201.49	\$38.03	23.27%		

\$2,779.19

\$2,113.11

Company: Avion Water
Test Year: 2006

RATE IMPACT - RESIDENTIAL/COMMERCIAL (3") - 1 TIER

Commodity Rate												Commodity Rate	
Monthly Consumptions Customer Usage	Current Base Rate	Current Commodity Rate	Total Current Average Monthly Rate	Proposed Customer Base Rate	Proposed Commodity Rate Per	Usage Factor	Total Proposed Monthly Rate	Difference	Percentage Difference				
0	\$138.68	\$0.80	\$138.68	\$194.68	\$0.82	0	\$194.68	\$56.00	40.38%				
700	\$138.68	\$0.80	\$144.28	\$194.68	\$0.82	7	\$200.40	\$56.12	38.90%				
1050	\$138.68	\$0.80	\$147.08	\$194.68	\$0.82	10.5	\$203.27	\$56.19	38.20%				
1400	\$138.68	\$0.80	\$149.88	\$194.68	\$0.82	14	\$206.13	\$56.25	37.53%				
1750	\$138.68	\$0.80	\$152.68	\$194.68	\$0.82	17.5	\$208.99	\$56.31	36.88%				
2100	\$138.68	\$0.80	\$155.48	\$194.68	\$0.82	21	\$211.85	\$56.37	36.26%				
2450	\$138.68	\$0.80	\$158.28	\$194.68	\$0.82	24.5	\$214.72	\$56.44	35.66%				
2800	\$138.68	\$0.80	\$161.08	\$194.68	\$0.82	28	\$217.58	\$56.50	35.08%				
3150	\$138.68	\$0.80	\$163.88	\$194.68	\$0.82	31.5	\$220.44	\$56.56	34.51%				
3500	\$138.68	\$0.80	\$166.68	\$194.68	\$0.82	35	\$223.30	\$56.62	33.97%				
3850	\$138.68	\$0.80	\$169.48	\$194.68	\$0.82	38.5	\$226.17	\$56.69	33.45%				
4200	\$138.68	\$0.80	\$172.28	\$194.68	\$0.82	42	\$229.03	\$56.75	32.94%				
4550	\$138.68	\$0.80	\$175.08	\$194.68	\$0.82	45.5	\$231.89	\$56.81	32.45%				
4900	\$138.68	\$0.80	\$177.88	\$194.68	\$0.82	49	\$234.75	\$56.87	31.97%				
5250	\$138.68	\$0.80	\$180.68	\$194.68	\$0.82	52.5	\$237.62	\$56.94	31.51%				
5600	\$138.68	\$0.80	\$183.48	\$194.68	\$0.82	56	\$240.48	\$57.00	31.07%				
5950	\$138.68	\$0.80	\$186.28	\$194.68	\$0.82	59.5	\$243.34	\$57.06	30.63%				
58570	\$138.68	\$0.80	\$607.24	\$194.68	\$0.82	585.7	\$673.71	\$66.46	10.94%				
							\$3,390.40						
							\$4,418.35						

Company: Avion Water
Test Year: 2006

RATE IMPACT - RESIDENTIAL/COMMERCIAL (4") - 1 TIER

Commodity Rate		Total		Total		Total		Total		Total		
Monthly	Commodity	Current	Proposed	Current	Proposed	Current	Proposed	Current	Proposed	Current	Proposed	
Consumptions	Rate	Base Rate	Customer	Commodity	Commodity	Base Rate	Rate Per	Usage	Factor	Monthly	Monthly	
Customer			Rate	Rate	Rate	Rate	Rate	Factor		Rate	Rate	
Usage											Difference	
											Difference	
											Percentage	
			\$0.82									
0	\$0.80	\$206.78	\$290.33	\$0.80	\$0.82	\$290.33	\$0.82	0		\$290.33	\$83.55	40.41%
700	\$0.80	\$206.78	\$290.33	\$0.80	\$0.82	\$290.33	\$0.82	7		\$296.06	\$83.68	39.40%
1050	\$0.80	\$206.78	\$290.33	\$0.80	\$0.82	\$290.33	\$0.82	10.5		\$298.92	\$83.74	38.92%
1400	\$0.80	\$206.78	\$290.33	\$0.80	\$0.82	\$290.33	\$0.82	14		\$301.78	\$83.80	38.44%
1750	\$0.80	\$206.78	\$290.33	\$0.80	\$0.82	\$290.33	\$0.82	17.5		\$304.64	\$83.86	37.98%
2100	\$0.80	\$206.78	\$290.33	\$0.80	\$0.82	\$290.33	\$0.82	21		\$307.51	\$83.93	37.54%
2450	\$0.80	\$206.78	\$290.33	\$0.80	\$0.82	\$290.33	\$0.82	24.5		\$310.37	\$83.99	37.10%
2800	\$0.80	\$206.78	\$290.33	\$0.80	\$0.82	\$290.33	\$0.82	28		\$313.23	\$84.05	36.67%
3150	\$0.80	\$206.78	\$290.33	\$0.80	\$0.82	\$290.33	\$0.82	31.5		\$316.09	\$84.11	36.26%
3500	\$0.80	\$206.78	\$290.33	\$0.80	\$0.82	\$290.33	\$0.82	35		\$318.96	\$84.18	35.85%
3850	\$0.80	\$206.78	\$290.33	\$0.80	\$0.82	\$290.33	\$0.82	38.5		\$321.82	\$84.24	35.46%
4200	\$0.80	\$206.78	\$290.33	\$0.80	\$0.82	\$290.33	\$0.82	42		\$324.68	\$84.30	35.07%
4550	\$0.80	\$206.78	\$290.33	\$0.80	\$0.82	\$290.33	\$0.82	45.5		\$327.54	\$84.36	34.69%
4900	\$0.80	\$206.78	\$290.33	\$0.80	\$0.82	\$290.33	\$0.82	49		\$330.41	\$84.43	34.32%
5250	\$0.80	\$206.78	\$290.33	\$0.80	\$0.82	\$290.33	\$0.82	52.5		\$333.27	\$84.49	33.96%
5600	\$0.80	\$206.78	\$290.33	\$0.80	\$0.82	\$290.33	\$0.82	56		\$336.13	\$84.55	33.61%
5950	\$0.80	\$206.78	\$290.33	\$0.80	\$0.82	\$290.33	\$0.82	59.5		\$338.99	\$84.61	33.26%
122081	\$0.80	\$206.78	\$290.33	\$0.80	\$0.82	\$290.33	\$0.82	1220.8		\$1,288.79	\$105.36	8.90%

\$6,659.51

\$5,124.29

Company: Avion Water Co., Inc.
Test Year: 2006
FIRE PROTECTION RATE DESIGN

Proposed Revenues of:		\$26,888
Base/Commodity Split		
Variable Rate	0.00%	\$26,888
	=	\$0
Base Rate	100.00%	\$26,888
	=	\$26,888

BASE RATE		Current	Proposed	Total Annual	Revenue at
Size of Line	Number of Customers	Monthly Base Rate	Monthly Base Rate	Revenues	Current Rates
Fire Service Size					
4" or less	49	\$16.45	\$17.50	\$10,290	\$9,673
6"	7	\$36.06	\$38.33	\$3,219	\$3,029
8"	1	\$63.20	\$67.20	\$806	\$758
10"	0	\$98.08	\$104.30	\$0	\$0
12"	0	\$140.57	\$149.63	\$0	\$0
Hydrants	95	\$10.00	\$11.00	\$12,539	\$11,400
	152				
TOTALS				\$26,854	\$24,860

8.0%
PERCENT
% increase

Fire Protection	Service Size	Present rates	Factors Used	Rate Required	AWWA Factors	Percent Increase
49	4" or less	\$16.45	1.00	\$17.50		6.38%
7	6"	\$36.06	2.19	\$38.33		6.28%
1	8"	\$63.20	3.84	\$67.20		6.33%
0	10"	\$98.08	5.96	\$104.30		6.34%
0	12"	\$140.57	8.55	\$149.63		6.44%
95	Hydrants	\$10.00	0.63	\$11.00		9.99%

Fire Protection	Current	Proposed	Increase
4" or less	\$16.45	\$17.50	6.38%
6"	\$36.06	\$38.33	6.28%
8"	\$63.20	\$67.20	6.33%
10"	\$98.08	\$104.30	6.34%
12"	\$140.57	\$149.63	6.44%
Hydrants	\$10.00	\$11.00	9.99%

Company: Avion Water Co., Inc.
Test Year: 2004-2005
Commercial Water Haulers RATE DESIGN

Proposed Revenues of: \$7,647

Base/Commodity Split
Variable Rate 100.00% Proposed Rev \$7,647 = \$7,647
Base Rate 0.00% Proposed Rev \$7,647 = \$0
\$7,647

BASE RATE		Current Monthly Base Rate	Proposed Monthly Base Rate	Total Annual Revenues
Size of Line	Number of Customers			
Commercial Water Haulers	0			<u>\$0</u>
TOTALS	8			<u>\$0</u>

0.0% PERCENT \$0 0.0% increase

COMMODITY RATE \$0.83 per 100 cf.
Proposed Revenue \$7,647 divided by Consumption 9,253 = average rate 0.82647 per 100 cf
Proposed Average Monthly Bill: \$79.66
Current ave. monthly bill \$72.29

Increase 10.20%

Previous Rates 0.75
10.20% increase

Agree to usage shown 925,257 Proposed Consumption per Application
- base consumpt ("free" water x cust x 12 months)
925,257 divided by unit of measure 100 cf
9,253

Commercial Water Haulers
Water Haulers
Average rates Current \$72.29 Proposed Rates \$79.66

Consumption - Test Year
Commercial Water Haulers
Water Haulers 925,257 cf

Consumption - Projected
Commercial Water Haulers
Water Haulers 990,025 cf

Percent Increase 10.20%

Company: Avion Water Co., Inc.
Test Year: 2006

Cross Connection Program RATE DESIGN

Proposed Revenues of: \$191,408

Base/Commodity Split
Variable Rate 0.00% Proposed Rev \$191,408 = \$0

Base Rate 100.00% Proposed Rev \$191,408 = \$191,408

Size of Line Cross Connection	Number of Customers	Current		Proposed		Total Annual Revenues
		Monthly Base Rate	Monthly Base Rate	Monthly Base Rate	Monthly Base Rate	
DCVA	6,376	\$2.50	\$2.50	\$0.00	\$0.00	\$191,408
TOTALS	6,376					\$191,408

0%
PERCENT

Revenue at Current Rates
\$191,280
\$0
\$0
\$191,280

0%

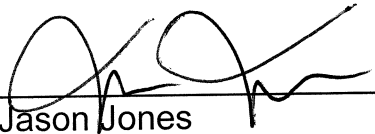
Cross Connection	Service Size	Present Rates	Factors Used	Rate Required	AWWA Factors	\$191,408	
						DCVA	
6,376	DCVA	\$2.50	1.00	\$2.50	1		
0	0.0	\$0.00	0.00	\$0.00	1		
0	0.0	\$0.00	0.00	\$0.00	2.5		
0	0.0	\$0.00	0.00	\$0.00	5		
0	0.0	\$0.00	0.00	\$0.00	8		
0	0.0	\$0.00	0.00	\$0.00	15		

CERTIFICATE OF SERVICE

UW 122

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 the following parties or attorneys of parties.

Dated at Salem, Oregon, this 20th day of November, 2007.



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

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Service List (Parties)

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