

Oregon Water Utilities - Cline Butte, Inc.
Test Year Ended 12/31/2019
Revenue Requirement

Requested Revenue Increase
10.28%

Acct.	Acct. Desc.	Test Year Actual	Adjustments	Adjusted Test Year	Adjustments	Requested
OPERATING REVENUES						
461.1	Residential Revenues	743,726		743,726	82,254	825,980
461.2	Commercial Revenues	28,478		28,478	3,150	31,628
465	Irrigation Revenues	109,988		109,988	12,164	122,152
467	Golf Course Revenues	132,059		132,059	14,605	146,664
468	Special Contract Revenues	1,800		1,800	200	2,000
	Total Operating Revenues	1,016,051	-	1,016,051	112,373	1,128,424
OTHER REVENUES						
471	Miscellaneous Service Revenues	644		644		644
474	Other	17,913		17,913		17,913
475	Cross Connection Control Revenues	58,155		58,155		58,155
	Total Other Revenues	76,712	-	76,712	-	76,712
	Total Revenues	1,092,763	-	1,092,763	112,373	1,205,136
OPERATING EXPENSES						
601	Salaries and Wages - Employees	177,730		177,730		177,730
601.2	Capitalized Overhead	(156,784)		(156,784)		(156,784)
603	Salaries and Wages - Officers	-		-		-
604	Employee Pension & Benefits	50,631		50,631		50,631
610	Purchased Water	-		-		-
611	Telephone/Communications	4,011		4,011		4,011
615	Purchased Power	148,209		148,209		148,209
616	Fuel for Power Production	-		-		-
617	Other Utilities	978		978		978
618	Chemical / Treatment Expense	-		-		-
619	Office Supplies	7,578		7,578		7,578
619.1	Postage	8,511		8,511		8,511
620	O&M Materials/Supplies	2,308		2,308		2,308
621	Repairs to Water Plant	10,167		10,167		10,167
631	Contract Svcs - Engineering	-		-		-
632	Contract Svcs - Accounting	5,016		5,016		5,016
633	Contract Svcs - Legal	1,268		1,268		1,268
a 634	Contract Svcs - Management Fees	235,548	(110,248)	125,300		125,300
635	Contract Svcs - Testing	6,606		6,606		6,606
636	Contract Svcs - Labor	-		-		-
637	Contract Svcs - Billing/Collection	-		-		-
638	Contract Svcs - Meter Reading	-		-		-
639	Contract Svcs - Other	5,397		5,397		5,397
641	Rental of Building/Real Property	228		228		228
642	Rental of Equipment	-		-		-
643	Small Tools	113		113		113
648	Computer/Electronic Expenses	4,109		4,109		4,109
650	Transportation	13,576		13,576		13,576
656	Vehicle Insurance	3,592		3,592		3,592
657	General Liability Insurance	2,691		2,691		2,691
658	Workers' Comp Insurance	113		113		113
659	Insurance - Other	11,133		11,133		11,133
660	Advertising Expense	42		42		42
b 666	Amortz. of Rate Case	-	5,000	5,000		5,000
c 667	Gross Revenue Fee (PUC)	3,543	282	3,825	393	4,218
d 670	Bad Debt Expense	3,892	-	3,892	400	4,292
671	Cross Connection Control Program	-		-		-
673	Training and Certification	4,998		4,998		4,998
674	Consumer Confidence Report	-		-		-
675	Miscellaneous Expense	14,725		14,725		14,725
	Total Operating Expenses	569,929	(104,966)	464,962	794	465,756
OTHER REVENUE DEDUCTIONS						
e 403	Depreciation Expense	190,312	25,141	215,453		215,453
408.11	Property Tax	21,210		21,210		21,210
408.12	Payroll Tax	18,888		18,888		18,888
408.13	Other	-		-		-
f 409.1	Federal Income Tax	61,409	16,763	78,173	(2,235)	75,937
g 409.11	Oregon Income Tax	17,557	4,793	22,350	(3,496)	18,854
	Total Revenue Deductions	309,376	46,697	356,073	(5,731)	350,342
	Net Operating Income	213,459	58,269	271,728	117,310	389,038
RATE BASE						
101	Utility Plant in Service	9,142,824		9,142,824		9,142,824
105	Construction Work in Progress	-		-		-
h 108	Accumulated Depreciation of Plant	(2,898,325)	(563,539)	(3,461,864)		(3,461,864)
271	Contributions in Aid of Construction	(892,189)		(892,189)		(892,189)
272	Accumulated Amortization of CIAC	99,306		99,306		99,306
281	Accumulated Deferred Income Tax	406,008		406,008		406,008
i	Excess Capacity	(1,324,134)	1,324,134	-		-
	Net Rate Base	4,533,490	760,595	5,294,085	-	5,294,085
WORKING CAPITAL						
151	Materials and Supplies Inventory	4,344		4,344		4,344
j	Working Cash (Total Op Exp /12)	47,494	(8,747)	38,747	66	38,813
	Total Rate Base	4,585,328	751,848	5,337,175	66	5,337,242
	Rate of Return	4.66%		5.09%		7.29%

Oregon Water Utilities - Cline Butte, Inc.
 Test Year Ended 12/31/2019
 Adjustments to Recorded Test Year

<u>Adi #</u>	<u>Account</u>	<u>Rev/OpEx/CapEx</u>	<u>Test Year Adjustment</u>	<u>Revenue Sensitive Adjustments</u>	<u>Explanation</u>
a	Contract Services - Mgmt	OpEx	(\$110,248)		to cap allocated management costs to \$125,300 per acquisition order
b	Rate Case Expense	OpEx	\$5,000		placeholder for rate case expenses
c	OPUC annual fee	OpEx	\$282	\$393	to flow through .35% of gross revenue
d	Bad Debt Expense	OpEx	\$0	\$400	to apply bad debt % rate to requested revenues
e	Depreciation	Dep	\$25,141		annual depreciation expense on used and useful plant previously deemed "excess capacity"
f	FIT	Taxes	\$16,763	(\$2,235)	flow through of federal taxes @ 21%
g	SIT	Taxes	\$4,793	(\$3,496)	flow through of state taxes @ 6.6%
h	Accumulated Depreciation	Rate Base	(\$563,539)		accumulated depreciation on used and useful plant previously deemed "excess capacity"
i	gross plant	Rate Base	\$1,324,134		used and useful plant previously deemed "excess capacity"
j	cash working capital	Rate Base	(\$8,747)	\$66	cash working capital @ 1/12 opex

Oregon Water Utilities - Cline Butte, Inc.
Test Year Ended 12/31/2019
Net-to-Gross Calculation

Uncollectibles	0.3562%	0.3562%
1 minus line 1	=	99.6438%
PUC Fee (x line 2)	0.35%	0.3488%
Other (x line 2)	0.00%	0.0000%
SUBTOTAL (line 1+ line 3 + line 4)		<u>0.7049%</u>
Remaining Amount (1 - line 5)		99.2951%
<u>Line 6 Subject to OR Tax and FIT</u>		
OR Tax (x line 6)	6.60%	6.5535%
Fed. Taxable Income (line 6 - line 7)		92.7416%
FIT (x line 8)	21.00%	19.4757%
Total Taxes Paid (line 5+ line 7+ line 9)		<u>26.7341%</u>
Net Income (1- line 10)		73.2659%
Net To Gross Multiplier (1 / line 11)		<u><u>1.3649</u></u>

Oregon Water Utilities - Cline Butte, Inc.

Test Year Ended 12/31/2019

Cost of Capital

Previous GRC*

	CoD / ROE	Weight	Wtd CoD/ROE
debt	6.00%	19.1%	1.15%
equity	10%	80.9%	8.09%
	Requested Return		9.24%

Proposed

	CoD / ROE	Weight**	Wtd CoD/ROE
debt	4.57%	50%	2.29%
equity	10.00%	50%	5.00%
	Requested Return		7.29%

*The rate of return in OWU-CB's last GRC was set at 6.42% rather than 9.24% in order to not increase rates above that requested by OWU-CB

**Because OWU-CB doesn't have its own debt and is owned 100% by SouthWest Water Company, OWU-CB calculates its cost of capital using a 50/50 hypothetical capital structure and SouthWest's actual cost of debt of 4.57%. Please refer to direct testimony filed with the application for additional details.

Oregon Water Utilities - Cline Butte, Inc.

Test Year Ended 12/31/2019

Rate Spread

	<u>Current Rate Spread</u>		<u>Proposed Rate Spread</u>	
<u>Operating Revenues</u>				
Residential	\$743,726	73.20%	\$825,980	73.20%
Commercial	\$28,478	2.80%	\$31,628	2.80%
Irrigation	\$109,988	10.83%	\$122,152	10.83%
Golf Course	\$132,059	13.00%	\$146,665	13.00%
Special Contract	\$1,800	0.18%	\$2,000	0.18%
	\$1,016,051	Operating Revenues	\$1,128,424	Revenues for Rate Design
<u>Other Revenues</u>				
Miscellaneous Services	\$644		\$644	
Other	\$17,913		\$17,913	
Cross Connection Control	\$58,155		\$58,155	
	\$76,712	Other Revenues	\$76,712	Other Revenues
Total Revenues	\$1,092,763		\$1,205,136	

Oregon Water Utilities - Cline Butte, Inc.
 Test Year Ended 12/31/2019
 Rate Design

Current Rate Design

Operating Revenues

	Base	Usage	Total	
Residential	\$516,941	\$230,109	\$747,050	
Commercial	\$17,462	\$12,503	\$29,965	
Irrigation (non-golf)	\$50,265	\$59,798	\$110,064	
Irrigation (golf)	\$91,032	\$41,027	\$132,059	
Special Contract	\$1,800	\$0	\$1,800	
Total	\$677,500	\$343,437	\$1,020,938	Revenues from Rate Design
	66%	34%		

Residential

Base Rates

meter size	# meters	base rate	annual revenue	
5/8" or 3/4"	1,572	\$27.20	\$513,122	
1"	7	\$39.44	\$3,313	
1.5"	1	\$42.16	\$506	
2"	-	\$43.25	\$0	
total annual revenue from base rate			\$516,941	69.2%

Usage Rates

meter size	Annual Usage	Rate/CCF	annual revenue	
all	185,572	\$1.24	\$230,109	
total annual revenue from usage rate			\$230,109	30.8%

Commercial

Base Rates

meter size	# meters	base rate	annual revenue	
5/8" or 3/4"	12	\$27.20	\$3,917	
1"	5	\$40.80	\$2,448	
1.5"	5	\$108.80	\$6,528	
2"	2	\$190.39	\$4,569	
total annual revenue from base rate			\$17,462	58.3%

Usage Rates

meter size	Annual Usage	Rate/CCF	annual revenue	
all	10,083	\$1.24	\$12,503	
total annual revenue from usage rate			\$12,503	41.7%

Irrigation (non-golf)

Base Rates

meter size	# meters	base rate	annual revenue	
5/8" or 3/4"	103	\$10.88	\$13,448	
1"	1	\$21.76	\$261	
1.5"	10	\$43.52	\$5,222	
2"	24	\$87.04	\$25,068	
4"	1	\$174.07	\$2,089	
6"	1	\$348.15	\$4,178	
total annual revenue from base rate			\$50,265	45.7%

Usage Rates

Proposed Rate Design

Proposed Operating Revenues

	Base	Usage	Total	
Residential	\$571,486	\$254,234	\$825,720	
Commercial	\$18,431	\$13,209	\$31,640	
Irrigation (non-golf)	\$55,780	\$66,698	\$122,478	
Irrigation (golf)	\$101,100	\$46,227	\$147,328	
Special Contract	\$2,000	\$0	\$2,000	
Total	\$748,798	\$380,368	\$1,129,166	Revenues from proposed rate design
	66%	34%	\$1,128,424	Revenues for Proposed Rate Design
			-\$741	rounding difference

Residential

Base Rates

meter size	# meters	base rate	annual revenue	
5/8"	1,572	\$30.07	\$567,264	
1"	7	\$43.61	\$3,663	
1.5"	1	\$46.61	\$559	
2"	-	\$47.82	\$0	
total annual revenue from base rate			\$571,486	69.2%

Usage Rates

meter size	Annual Usage	Rate/CCF	annual revenue	
all	185,572	\$1.37	\$254,234	
total annual revenue from usage rate			\$254,234	30.8%

Commercial

Base Rates

meter size	# meters	base rate	annual revenue	
5/8"	12	\$28.71	\$4,134	
1"	5	\$43.06	\$2,584	
1.5"	5	\$114.84	\$6,890	
2"	2	\$200.95	\$4,823	
total annual revenue from base rate			\$18,431	58.3%

Usage Rates

meter size	Annual Usage	Rate/CCF	annual revenue	
all	10,083	\$1.31	\$13,209	
total annual revenue from usage rate			\$13,209	41.7%

Irrigation (non-golf)

Base Rates

meter size	# meters	base rate	annual revenue	
5/8"	103	\$12.07	\$14,919	
1"	1	\$24.15	\$290	
1.5"	10	\$48.30	\$5,796	
2"	24	\$96.60	\$27,821	
4"	1	\$193.19	\$2,318	
6"	1	\$386.39	\$4,637	
total annual revenue from base rate			\$55,780	45.5%

Usage Rates

meter size	Annual Usage	Rate/CCF	annual revenue
all	114,997	\$0.52	\$59,798
total annual revenue from usage rate			\$59,798 54.3%
Irrigation (golf)			
Base Rates			
meter size	# meters	base rate	annual revenue
4"	1	\$1,167.08	\$14,005
6"	1	\$2,334.16	\$28,010
8"	1	\$4,084.78	\$49,017
12"	-	\$7,002.48	\$0
total annual revenue from base rate			\$91,032 68.9%
Usage Rates			
meter size	Annual Usage	Rate/CCF	annual revenue
n/a	192,614	\$0.21	\$41,027
total annual revenue from usage rate			\$41,027 31.1%
Special Contract			
Base Rates			
meter size	# meters	base rate	annual revenue
12"	1	\$150.00	\$1,800
total annual revenue from base rate			\$1,800 100.0%
Usage Rates			
meter size	Annual Usage	Rate/CCF	annual revenue
all	0	\$0.52	\$0
total annual revenue from usage rate			\$0 0.0%

meter size	Annual Usage	Rate/CCF	annual revenue
all	114,997	\$0.58	\$66,698
total annual revenue from usage rate			\$66,698 54.5%
Irrigation (golf)			
Base Rates			
meter size	# meters	base rate	annual revenue
4"	1	\$1,296.16	\$15,554
6"	1	\$2,592.31	\$31,108
8"	1	\$4,536.55	\$54,439
12"	-	\$7,776.94	\$0
total annual revenue from base rate			\$101,100 68.6%
Usage Rates			
meter size	Annual Usage	Rate/CCF	annual revenue
n/a	192,614	\$0.24	\$46,227
total annual revenue from usage rate			\$46,227 31.4%
Special Contract			
Base Rates			
meter size	# meters	base rate	annual revenue
12"	1	\$166.67	\$2,000
total annual revenue from base rate			\$2,000 100.0%
Usage Rates			
meter size	Annual Usage	Rate/CCF	annual revenue
all	0	\$0.60	\$0
total annual revenue from usage rate			\$0 0.0%

Oregon Water Utilities - Cline Butte, Inc.
Test Year Ended 12/31/2019
Bill Comparison at Current Rates versus Requested Rates

	CURRENT RATES				
usage (ccf)	0	5	10	15	20
Residential					
5/8" or 3/4"	\$27.20	\$33.40	\$39.60	\$45.80	\$52.00
1"	\$39.44	\$45.64	\$51.84	\$58.04	\$64.24
1.5"	\$42.16	\$48.36	\$54.56	\$60.76	\$66.96
2"	\$43.25	\$49.45	\$55.65	\$61.85	\$68.05
Commercial					
5/8" or 3/4"	\$27.20	\$33.40	\$39.60	\$45.80	\$52.00
1"	\$40.80	\$47.00	\$53.20	\$59.40	\$65.60
1.5"	\$108.80	\$115.00	\$121.20	\$127.40	\$133.60
2"	\$190.39	\$196.59	\$202.79	\$208.99	\$215.19
Irrigation (non-golf)					
5/8" or 3/4"	\$10.88	\$13.48	\$16.08	\$18.68	\$21.28
1"	\$21.76	\$24.36	\$26.96	\$29.56	\$32.16
1.5"	\$43.52	\$46.12	\$48.72	\$51.32	\$53.92
2"	\$87.04	\$89.64	\$92.24	\$94.84	\$97.44
4"	\$174.07	\$176.67	\$179.27	\$181.87	\$184.47
6"	\$348.15	\$350.75	\$353.35	\$355.95	\$358.55
Irrigation (golf)					
4"	\$1,167.08	\$1,168.15	\$1,169.21	\$1,170.28	\$1,171.34
6"	\$2,334.16	\$2,335.23	\$2,336.29	\$2,337.36	\$2,338.42
8"	\$4,084.78	\$4,085.85	\$4,086.91	\$4,087.98	\$4,089.04
12"	\$7,002.48	\$7,003.55	\$7,004.61	\$7,005.68	\$7,006.74
Special Contract					
12"	\$150.00	\$152.60	\$155.20	\$157.80	\$160.40

	PROPOSED RATES				
usage (ccf)	0	5	10	15	20
Residential					
5/8" or 3/4"	\$30.07	\$36.92	\$43.77	\$50.62	\$57.47
1"	\$43.61	\$50.46	\$57.31	\$64.16	\$71.01
1.5"	\$46.61	\$53.46	\$60.31	\$67.16	\$74.01
2"	\$47.82	\$54.67	\$61.52	\$68.37	\$75.22
Commercial					
5/8" or 3/4"	\$28.71	\$35.26	\$41.81	\$48.36	\$54.91
1"	\$43.06	\$49.61	\$56.16	\$62.71	\$69.26
1.5"	\$114.84	\$121.39	\$127.94	\$134.49	\$141.04
2"	\$200.95	\$207.50	\$214.05	\$220.60	\$227.15
Irrigation (non-golf)					
5/8" or 3/4"	\$12.07	\$14.97	\$17.87	\$20.77	\$23.67
1"	\$24.15	\$27.05	\$29.95	\$32.85	\$35.75
1.5"	\$48.30	\$51.20	\$54.10	\$57.00	\$59.90
2"	\$96.60	\$99.50	\$102.40	\$105.30	\$108.20
4"	\$193.19	\$196.09	\$198.99	\$201.89	\$204.79
6"	\$386.39	\$389.29	\$392.19	\$395.09	\$397.99
Irrigation (golf)					
4"	\$1,296.16	\$1,297.36	\$1,298.56	\$1,299.76	\$1,300.96
6"	\$2,592.31	\$2,593.51	\$2,594.71	\$2,595.91	\$2,597.11
8"	\$4,536.55	\$4,537.75	\$4,538.95	\$4,540.15	\$4,541.35
12"	\$7,776.94	\$7,778.14	\$7,779.34	\$7,780.54	\$7,781.74
Special Contract					
12"	\$166.67	\$169.67	\$172.67	\$175.67	\$178.67

Oregon Water Utilities - Cline Butte, Inc.

Test Year Ended 12/31/2019

Compound Annual Growth Rates

	UW 85	UW 109	UW 127	Proposed
Residential - Base Rate	7/9/2002	7/1/2005	7/1/2008	10/30/2021
Base Rates	\$27.47	\$25.81	\$27.20	\$30.07
New Rate vs. Previous		(6.0%)	5.4%	10.6%
Rolling CAGR Increase		(2.1%)	(0.2%)	0.5%

Residential - Usage Rate	7/9/2002	7/1/2005	7/1/2008	10/30/2021
Usage Rate	\$0.97	\$1.34	\$1.24	\$1.37
New Rate vs. Previous		37.8%	(7.2%)	10.5%
Rolling CAGR Increase		11.4%	4.2%	1.8%

Residential - Avg Bill	7/9/2002	7/1/2005	7/1/2008	10/30/2021
CCF Avg Use	\$37.17	\$39.18	\$39.60	\$43.77
New Rate vs. Previous		5.4%	1.1%	10.5%
Rolling CAGR Increase		1.8%	1.1%	0.8%

Oregon Water Utilities - Cline Butte, Inc.
Test Year Ended 12/31/2019
Gross Plant

<u>NARUC Act</u>	<u>Gross Plant</u>
303.2	5,000
303.5	15,101
304.2	10,198
304.5	21,056
307.2	1,020,813
309.2	170,533
311.2	1,280
311.4	1,276,516
330.4	264,890
331.4	3,876,764
333.4	942,466
334.4	673,991
335.4	378,392
336.4	2,040
340.5	768
340.51	14,985
340.52	185,173
341.5	60,434
343.5	7,654
345.5	50,747
346.5	101,772
347.5	8,069
348.5	54,183
Total	9,142,824

Oregon Water Utilities - Cline Butte, Inc.

Test Year Ended 12/31/2019

Meter Equivalents

OWU-CB (water)

<u>meter size</u>	<u>connections</u>	<u>factor</u>	<u>meter equivalent</u>	
#	20	1.5	30	
1 1/2"	9	5	45	
1"	14	2.5	35	
12"	1	215	215	
2"	35	8	280	
3/4"	1535	1.5	2,303	
4"	1	25	25	
5/8"	109	1	109	
6"	1	50	50	
			<u>3,092</u>	41.8%

OWU (CB wastewater)

<u>meter size</u>	<u>connections</u>	<u>factor</u>	<u>meter equivalent</u>	
#	14	1.5	21	
1 1/2"	2	5	10	
1"	8	2.5	20	
2"	3	8	24	
3/4"	1504	1.5	2,256	
5/8"	13	1	13	
			<u>2,344</u>	31.7%

OWU-ML (water)

<u>meter size</u>	<u>connections</u>	<u>factor</u>	<u>meter equivalent</u>	
#	6	1	6	
1 1/2"	8	5	40	
1"	6	2.5	15	
12"	1	215	215	
2"	33	8	264	
3"	1	15	15	
5/8"	555	1	555	
			<u>1,110</u>	15.0%

OWU (ML wastewater)

<u>meter size</u>	<u>connections</u>	<u>factor</u>	<u>meter equivalent</u>	
#	5	1	5	
1 1/2"	4	5	20	
1"	1	2.5	3	
2"	7	8	56	
3"	1	15	15	
5/8"	529	1	529	
			<u>628</u>	8.5%

Southview (water)

<u>meter size</u>	<u>connections</u>	<u>factor</u>	<u>meter equivalent</u>	
#	4	1	4	
3"	2	15	30	
5/8"	94	1	94	
			<u>128</u>	1.7%

Southview (wastewater)

<u>meter size</u>	<u>connections</u>	<u>factor</u>	<u>meter equivalent</u>	
#	3	1	3	
5/8"	93	1	93	
			<u>96</u>	1.3%

Total Meter Equivalents	<u><u>7,397</u></u>	<u><u>100%</u></u>
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