

CASE: UW 195
WITNESSES: STEPHANIE YAMADA (STAFF)
MICHAEL BOWMAN (SALMON VALLEY WATER COMPANY)

**PUBLIC UTILITY COMMISSION
OF
OREGON**

STIPULATING PARTIES EXHIBIT 100

**Joint Testimony of
Staff of the Public Utility Commission of Oregon
and Salmon Valley Water Company
in Support of the Stipulation**

AUGUST 10, 2023

1 **Q. Please state your names, occupations, and business addresses.**

2 A. My name is Stephanie Yamada. I am a Senior Utility Analyst in the Rates,
3 Safety, and Utility Performance Division of the Public Utility Commission of
4 Oregon (“OPUC” or the “Commission”). My business address is 201 High
5 Street SE, Suite 100, Salem, Oregon 97301.

6 My name is Michael Bowman. I am the General Manager of Salmon
7 Valley Water Company (“Salmon Valley” or the “Company”). My business
8 address is P.O. Box 205, Welches, OR 97067.

9 **Q. Ms. Yamada, please describe your educational background and work**
10 **experience.**

11 A. My witness qualification statement is found in Exhibit Stipulating Parties/101.

12 **Q. Mr. Bowman, please describe your educational background and work**
13 **experience.**

14 A. My witness qualification statement is found in Exhibit Stipulating Parties/101.

15 **Q. What is the purpose of this Joint Testimony?**

16 A. The purpose of our Joint Testimony is to introduce and support the Stipulation
17 entered into by Salmon Valley and Commission Staff (“Staff”) in Docket
18 No. UW 195, Salmon Valley’s request for a general rate revision.

19 **Q. Who are the parties in Docket No. UW 193?**

20 A. The parties in Docket No. UW 195 are Salmon Valley and Staff (each a
21 “Stipulating Party” and together the “Stipulating Parties”), and intervenors Brian
22 Lauterbach and Marie Lauterbach (collectively, the “Intervenors”). The Stipulating
23 Parties and Intervenors collectively are all of the “Parties” to this proceeding.

1 **Q. Did the Stipulating Parties reach a settlement in this docket?**

2 A. Yes. The Stipulation by and between the Stipulating Parties resolves all issues
3 in this docket. Intervenors Brian Lauterbach and Marie Lauterbach
4 (collectively, the “Intervenors”) have informed the Stipulating Parties that the
5 Intervenors have chosen not to join the Stipulation, but confirmed with the
6 Stipulating Parties and Administrative Law Judge (ALJ) Mapes at the July 27,
7 2023, scheduling conference that they will not oppose the stipulation.

8 **Q. Did you prepare any exhibits for this docket?**

9 A. Yes. Ms. Yamada prepared and sponsors the first page of Exhibit Stipulating
10 Parties/101 (Witness Qualification Statement) and Mr. Bowman prepared and
11 sponsors the second page of Exhibit Stipulating Parties/101 (Witness
12 Qualification Statement). Both Ms. Yamada and Mr. Bowman prepared and
13 sponsor Exhibit Stipulating Parties/102, consisting of eight pages (summary
14 tables), and Exhibit Stipulating Parties/103, consisting of 30 pages (customer
15 comments).

16 **Q. How is your Joint Testimony organized?**

17 A. Following this section with background information, our Joint Testimony is
18 organized in the same order as the paragraphs of the Stipulation and then
19 explains the Stipulating Parties’ support of the Stipulation and public
20 comments, as follows:

| | | |
|----|---|----|
| 21 | Stipulation Paragraph 1 – Revenue Requirement..... | 5 |
| 22 | Stipulation Paragraph 2 – Rate Effective Date..... | 6 |
| 23 | Stipulation Paragraph 3 – Rate Base..... | 7 |
| 24 | Stipulation Paragraph 4 – Operating Expense Adjustments | 10 |
| 25 | Stipulation Paragraph 5 – Other Revenue Deductions | 12 |

1 Stipulation Paragraph 6 – Revisions to Tariff..... 13
2 Stipulating Parties’ Support of the Stipulation 14
3 Summary of Public Comments 17
4 Exhibit 101 – Witness Qualification Statements..... 1-2
5 Exhibit 102 – Summary Tables 1-8
6 Exhibit 103 – Customer Comments..... 1-30

7 **Q. Please summarize the background and context of Docket No. UW 195.**

8 A. On February 27, 2023, Salmon Valley filed a request for a General Rate
9 Revision, with proposed rates to become effective on August 1, 2023. The
10 Company requested to increase its revenue from \$537,005 to \$1,063,178, or
11 an increase of \$526,172 (98.0 percent). Salmon Valley selected a test year of
12 October 1, 2021 to September 30, 2022. By Order No. 23-098, entered
13 March 20, 2023, Chief ALJ Moser suspended the effective date for a period of
14 time not to exceed nine months from the proposed effective date. ALJ Mapes
15 held a prehearing conference on April 3, 2023, and a public comment hearing
16 on April 27, 2023. Staff reviewed the Company’s filing and responses to data
17 requests, and the Parties held multiple settlement conferences to discuss and
18 address the issues in this case. As a result of those discussions, the
19 Stipulating Parties have reached agreement on all issues as set forth in this
20 Stipulation. The Stipulation memorializes the Stipulating Parties’ agreements
21 and reflects an increase of 85.86 percent over test period revenues. In light of
22 the resolution of all issues between the Stipulating Parties, Staff, on July 24,
23 2023, filed a motion to suspend the procedural schedule and to set a
24 scheduling conference so that dates for the remainder of the proceeding can
25 be determined. ALJ Mapes granted that motion on July 24, 2023. On July 27,

1 2023, ALJ Mapes held the scheduling conference with the Parties and directed
2 the filing of a stipulation, supporting testimony and affidavits or declarations,
3 and a motion to admit and adopt the stipulation, or alternatively, a joint status
4 report, on or before August 10, 2023.

5 **Q. What cost drivers are contributing to the degree of the proposed**
6 **increase?**

7 A. The increase is primarily related to the new Foxglove 7 well and associated
8 filtration plant, as described in the Company's opening testimony. Specifically,
9 while Foxglove 7 costs totaling approximately \$700,000 were included in the
10 Company's most recent rate case (UW 184), the Company later learned that
11 the Oregon Health Authority's Drinking Water Services would require filtration
12 for the Foxglove 7 well due to high levels of manganese. The filtration plant
13 also necessitated additional changes to the Company's distribution system.
14 With these developments, the costs associated with Foxglove 7 increased to
15 approximately \$2.8 million. As discussed later in this testimony, the Stipulating
16 Parties agree that it is appropriate to include these costs in rate base.

1 **STIPULATION PARAGRAPH 1 – REVENUE REQUIREMENT**

2 **Q. Please summarize the Stipulating Parties' revenue requirement**
3 **recommendation in this case.**

4 A. As a result of their settlement discussions and in the context of the overall
5 settlement, the Stipulating Parties recommend and support a total revenue
6 requirement of \$998,089, as shown in Attachment A to the Stipulation, to be
7 collected in rates as set forth in Paragraph 2 of and Attachment B to the
8 Stipulation. This revenue requirement includes an agreed-upon 7.4975
9 percent rate of return on a total rate base of \$3,742,349, and represents an
10 increase of \$461,084, or 85.86 percent, over test period revenues of \$537,005
11 included in the Company's application. The Stipulating Parties believe that the
12 stipulated revenue requirement and adjustments represent a reasonable
13 financial settlement of the issues in this docket, and that, taken together, the
14 adjustments result in an overall revenue requirement that will produce rates
15 that are fair, just, and reasonable. As such, the Stipulating Parties agree that
16 the Stipulation is in the public interest.

1

STIPULATION PARAGRAPH 2 – RATE EFFECTIVE DATE

2

Q. What is the rate effective date in the Stipulation?

3

A. As a result of their settlement discussions and in the context of the overall

4

settlement, the Stipulating Parties agree to and support rates becoming

5

effective on September 1, 2023.

STIPULATION PARAGRAPH 3 – RATE BASE

1
2 **Q. Do the Stipulating Parties agree to make certain adjustments to rate**
3 **base in the Stipulation?**

4 A. Yes. As a result of their settlement discussions and in the context of the
5 overall settlement, the Stipulating Parties agree that the stipulated rates in this
6 case reflect rate base adjustments to: Utility Plant in Service (Account 101) and
7 Construction Work in Progress (Account 105), Wells and Springs
8 (Account 307), Other Plant (Account 339), Miscellaneous Equipment (Account
9 348), Accumulated Depreciation (Account 108), Accumulated Amortization of
10 Contributions in Aid of Construction (“CIAC”) (Account 272), Accumulated
11 Deferred Income Tax (Account 281), and Working Capital. The adjustments
12 agreed to by the Stipulating Parties are summarized on the Adjustment
13 Summary, included as Exhibit Stipulating Parties/102, Yamada and
14 Bowman/3-4.

15 **Q. What is the adjustment to Utility Plant in Service (Account 101) and**
16 **Construction Work in Progress (Account 105)?**

17 A. The Stipulating Parties agree that utility plant in service (“UPIS”) includes all
18 rate base additions from the Company’s last rate case through the Company’s
19 filing of this rate case and all rate base additions that have been completed and
20 in-service to date. The Stipulating Parties agree that Salmon Valley’s additions
21 to rate base are prudent. The Stipulating Parties agree that these actions
22 result in a total UPIS of \$4,775,161, which reflects an adjustment to UPIS to

1 address CIAC in addition to invested plant, and a total construction work in
2 progress of \$287,128.

3 **Q. What is the adjustment to Wells and Springs (Account 307)?**

4 A. The Stipulating Parties agree to an adjustment of (\$200) to remove late fees.

5 **Q. What is the adjustment to Other Plant (Account 339)?**

6 A. The Stipulating Parties agree to an adjustment of (\$1,100) to remove a
7 duplicate invoice.

8 **Q. What is the adjustment to Miscellaneous Equipment (Account 348)?**

9 A. The Stipulating Parties agree to an adjustment of (\$10,786) to remove
10 duplicate entries.

11 **Q. What is the adjustment to Accumulated Depreciation (Account 108)?**

12 A. The Stipulating Parties agree to an adjustment of \$339,501 to reflect the
13 addition of CIAC depreciation, conforming adjustments to UPIS amounts and
14 seven months of 2023 depreciation for the inclusion of plant through
15 August 1, 2023.

16 **Q. What is the adjustment to Accumulated Amortization of CIAC (Account 272)?**

17 A. The Stipulating Parties agree to an adjustment of \$4,243 to reflect seven
18 months of 2023 depreciation for the inclusion of plant through August 1, 2023.

19 **Q. What is the adjustment to Accumulated Deferred Income Tax (Account 281)?**

20 A. The Stipulating Parties agree to an adjustment of \$3,458 to the Deferred Tax
21 Liability to reflect adjustments to UPIS, accumulated depreciation and a Net
22 Operating Loss (NOL) carryforward.

23 **Q. What is the adjustment to Working Capital?**

- 1 A. The Stipulating Parties agree to an adjustment of (\$67) to reflect the amount of
- 2 operating expenses agreed upon by the Stipulating Parties. This is the result
- 3 of an automatic adjustment based on 1/12 of the final total operating expense
- 4 figure.

1 **STIPULATION PARAGRAPH 4 – OPERATING EXPENSE ADJUSTMENTS**

2 **Q. Do the Stipulating Parties agree to make certain adjustments to**
3 **operating expense in the Stipulation?**

4 A. Yes. As a result of their settlement discussions and in the context of the
5 overall settlement, the Stipulating Parties agree that the stipulated rates in this
6 case reflect operating expense adjustments to: Salaries and Wages –
7 Employees (Account 601), Employee Pension & Benefits (Account 604),
8 Contract Services – Other (Account 639), PUC Gross Revenue Fee
9 (Account 667), Miscellaneous Expense (Account 675), and Capitalized Labor
10 (OE 1).

11 **Q. What is the adjustment to Salaries and Wages – Employees (Account**
12 **601)?**

13 A. The Stipulating Parties agree to an adjustment of (\$32,378) to modify an
14 amount in “Other Wages” and remove an amount being capitalized.

15 **Q. What is the adjustment to Employee Pension & Benefits (Account 604)?**

16 A. The Stipulating Parties agree to an adjustment of (\$89) to reflect an adjustment
17 to Salaries and Wages – Employees (Account 601).

18 **Q. What is the adjustment to Contract Services – Other (Account 639)?**

19 A. The Stipulating Parties agree to an adjustment of (\$63) to remove late fees.

20 **Q. What is the adjustment to PUC Gross Revenue Fee (Account 667)?**

21 A. The Stipulating Parties agree to an adjustment of (\$281) to reflect the revenues
22 generated by this Stipulation.

23 **Q. What is the adjustment to Miscellaneous Expense (Account 675)?**

1 A. The Stipulating Parties agree to an adjustment of \$1,878 to reflect the
2 amortization of the master plan in the test year and to remove an amount
3 relating to Meals & Entertainment.

4 **Q. What is the adjustment to Capitalized Labor (OE 1)?**

5 A. The Stipulating Parties agree to an adjustment of \$30,128 to reflect capitalized
6 labor being removed directly from the relevant expense accounts.

1 **STIPULATION PARAGRAPH 5 – OTHER REVENUE DEDUCTIONS**

2 **Q. Do the Stipulating Parties agree to make certain adjustments to other**
3 **revenue deductions in the Stipulation?**

4 A. Yes. As a result of their settlement discussions and in the context of the
5 overall settlement, the Stipulating Parties agree that the stipulated rates in this
6 case reflect adjustments to: Depreciation Expense (Account 403), Property
7 Tax (Account 408.11), Payroll Tax (Account 408.12), Other Tax (Account
8 408.13), Federal Income Tax (Account 409.10), and Oregon Income Tax
9 (Account 409.11).

10 **Q. What is the adjustment to Depreciation Expense (Account 403)?**

11 A. The Stipulating Parties agree to an adjustment of (\$2,316) to reflect conforming
12 changes.

13 **Q. What is the adjustment to Property Tax (Account 408.11), Payroll Tax**
14 **(Account 408.12), Other Tax (Account 408.13), Federal Income Tax**
15 **(Account 409.10), and Oregon Income Tax (Account 409.11)?**

16 A. The Stipulating Parties agree to a total adjustment of (\$35,026).

STIPULATION PARAGRAPH 6 – REVISIONS TO TARIFF

Q. Do the Stipulating Parties agree upon the disposition of the tariff revisions proposed by the Company in this rate case?

A. Yes. As a result of their settlement discussions and in the context of the overall settlement, the Stipulating Parties agree to recommend and support the tariff revisions proposed by the Company in this rate case, with the rates adjusted to reflect the Stipulation, including the Rate Spread and Rate Design methodologies proposed by Staff. The changes include revisions to Schedule No. 4 (Miscellaneous Service Charges), Rule 30 (Unauthorized Restoration of Service), Rule 33A (Damages/Tampering), and Rule 35 (Trouble Call). The tariff revisions and adjusted rates are reflected in Attachment B to the Stipulation. Subject to the approval of the Stipulation, Salmon Valley will file revised tariff pages as a compliance filing in Docket No. UW 195, to be effective in accordance with Paragraph 2 of the Stipulation, reflecting the rates and terms and conditions as agreed to in the Stipulation. The Company will make that compliance filing within three business days after the Commission order in this proceeding or August 31, 2023, whichever is later.

STIPULATING PARTIES' SUPPORT OF THE STIPULATION**Q. What is the basis for the Stipulation?**

A. The Stipulation is a compromise based on the record in this case and the Company's responses to Staff's discovery requests. Over the course of the settlement discussions, the Stipulating Parties resolved all their differences regarding all of the issues raised in this proceeding, and ultimately resolved them in the Stipulation, through dialogue, negotiations, and compromise, to reach a fair result. While each Stipulating Party may have a different reason for supporting each adjustment in the Stipulation, all Stipulating Parties agree on the dollar amounts of all adjustments in the Stipulation. Staff's rationale for support for certain specific adjustments is discussed below.

Q. What is your recommendation to the Commission regarding the Stipulation?

A. The Stipulating Parties recommend and request that the Commission approve the Stipulation in its entirety.

Q. Does Staff have additional rationale for certain adjustments described above?

A. Yes. Staff propounded 71 discovery requests that have been answered by the Company. Staff's investigation and analysis of Salmon Valley's Initial Filing included a comprehensive examination of the Company's revenues, expenses, revenue deductions, rate base, capital structure, and rate spread and design. Staff also reviewed the various comments provided by members of the public during the course of the proceeding and has provided those comments in

1 Exhibit Stipulating Parties/103. In considering whether the settlement would
2 produce fair, just, and reasonable rates in this case, Staff utilized standard
3 methodologies that are typical in water rate cases. Staff's review and
4 methodologies included the following items.

- 5 • Expenses and new plant items were assessed for reasonableness
6 and the underlying costs were verified against documentation provided
7 by the Company.
- 8 • With regard to services provided to the Company by affiliates (as
9 described in Docket No. UI 434), Staff reviewed the associated costs
10 for compliance with the "lower of cost or market" requirement found in
11 OAR 860-036-2230(2)(e).
- 12 • Income taxes were included at appropriate rates.
- 13 • Capital costs were assessed in accordance with market conditions and
14 recent Commission decisions in similar cases.
- 15 • When designing metered rates, Staff typically utilizes a revenue
16 allocation of 60 percent to base rates and 40 percent to commodity
17 rates. In this case, the Stipulating Parties agreed to allocate 67 percent
18 to base rates and 33 percent to commodity rates. Staff finds that this
19 allocation is beneficial to mitigate rate shock in the present case.
- 20 • Progress was made toward the use of standard base rate allocation
21 factors, which are used to establish the appropriate relative differences
22 in base rates for different meter sizes. The allocation factors utilized by
23 the Stipulating Parties are shown in Exhibit Stipulating Parties/102,

1 Yamada and Bowman/5. Staff recommends further progress be made
2 in future rate cases.

3 **Q. Please explain why Staff and the Company believe that the Commission**
4 **should adopt the Stipulation.**

5 A. Staff and the Company have carefully reviewed the Company's Initial Filing
6 and responses to data requests and have thoroughly analyzed the issues
7 during multiple days of settlement conferences. Staff and the Company
8 believe that the adjustments and agreements in the Stipulation provide a fair
9 and reasonable resolution of the issues in this docket and the resulting rates
10 are fair, just, and reasonable.

11 **Q. What impact will the Stipulating Parties' agreed-upon rates have on**
12 **average customer bills?**

13 A. The agreed-upon rate increases and associated impacts to average customer
14 bills are summarized in Exhibit Stipulating Parties/102, Yamada and
15 Bowman/6.

SUMMARY OF PUBLIC COMMENTS

Q. Did any customers contact the Commission regarding Salmon Valley's proposed rate increase?

A. Yes. The Commission received approximately 28 comments in this docket. The comments are attached as Exhibit 103.

Q. Please summarize the comments received in this docket.

A. The vast majority of comments expressed general dissatisfaction with the overall degree and/or frequency of rate increases proposed by the Company. As discussed elsewhere in this testimony, the Stipulating Parties' agreed-upon rates are based on actual demonstrated costs incurred by the Company. The agreed-upon revenue requirement is approximately 12 percent less than that proposed in the Company's initial application.

Several customers cited water quality issues associated with high iron content, such as reddish or discolored water. As described in the Company's initial application, these issues stem from the Routledge well, which was removed from service in 2021 and is no longer introducing iron-rich water into the distribution system. Residual iron remaining in the system is expected to be gradually reduced through system flushings over the next several years. The Stipulating Parties note that iron does not pose a health risk, and the Company is currently in compliance with all applicable drinking water standards and testing requirements.

Q. Does this conclude your Joint Testimony?

A. Yes.

CASE: UW 195
WITNESSES: STEPHANIE YAMADA (STAFF)
MICHAEL BOWMAN (SALMON VALLEY WATER COMPANY)

**PUBLIC UTILITY COMMISSION
OF
OREGON**

STIPULATING PARTIES EXHIBIT 101

Witness Qualification Statements

AUGUST 10, 2023

WITNESS QUALIFICATION STATEMENT

NAME: Stephanie Yamada

EMPLOYER: Public Utility Commission of Oregon

TITLE: Senior Utility Analyst
Rates Division

ADDRESS: 201 High St SE, Suite 100, Salem, OR, 97301

EDUCATION: Master of Business Administration
Western Governors University

Bachelor of Science in Accounting
University of Oregon

EXPERIENCE: I have been employed with the Public Utility Commission of Oregon since 2013. I am currently a Senior Utility Analyst in the Rates and Regulation Section of the Rates, Finance and Audit Division. My responsibilities include leading research and providing technical support on a wide range of technical and policy issues for water and telecommunications companies. I have analyzed and addressed numerous telecommunications issues including special contracts, promotional concessions, tariff changes, price listings, numbering issues, service abandonment, property sales, and price plans, and provided testimony in UM 1895. With regard to water, I have analyzed and addressed numerous issues including tariff changes, property sales, affiliated interest transactions, financing requests, revenue requirement calculations, cost of service, rate spread, and rate design. I have also served as case manager on several water rate cases, and have provided testimony in UW 163, UW 166, UW 173, UP 384, UW 176, UW 181, UW 189, UW 191, and UW 192.

Name: Michael Bowman

Employer: Salmon Valley Water Company

Title: General Manager

Address: P.O. Box 205, Welches, OR 97067

Education: Bachelor of Science, Business Administration & Economics
Lewis & Clark College, Portland, OR

Experience: I started working for Salmon Valley in 1967. I became President and Chairman of the Board of Salmon Valley in 1999. NW Natural Water Company, LLC acquired Salmon Valley on November 1, 2018, at which time I became the General Manager of Salmon Valley.

CASE: UW 195
WITNESSES: STEPHANIE YAMADA (STAFF)
MICHAEL BOWMAN (SALMON VALLEY WATER COMPANY)

**PUBLIC UTILITY COMMISSION
OF
OREGON**

STIPULATING PARTIES EXHIBIT 102

Summary Tables

AUGUST 10, 2023

Revenue Requirement

| |
|------------------------------|
| Company Proposed Increase |
| 97.98% |

| |
|------------------------|
| Stipulated Increase |
| 85.86% |

REVENUES

| | | Test Year | Adjustments | Company Proposed Totals | Adjustments | Stipulated Total |
|-------|--------------------------|-------------------|-------------------|----------------------------|--------------------|-------------------|
| 460 | Unmetered | | | \$ - | | \$ - |
| 461.1 | Residential | 431,183 | 417,979 | \$ 849,162 | (35,501) | \$ 813,660 |
| 461.2 | Commercial | 105,822 | 108,194 | \$ 214,016 | (29,587) | \$ 184,429 |
| 462 | Fire Protection Sales | | | \$ - | | \$ - |
| 465 | Irrigation Water Sales | | | \$ - | | \$ - |
| 466 | Water Sales for Resale | | | \$ - | | \$ - |
| 471 | Miscellaneous Services | | - | \$ - | | \$ - |
| 475 | Cross Connection Control | | | \$ - | | \$ - |
| | Other | | | \$ - | | \$ - |
| | | | | \$ - | | \$ - |
| | Total Revenue | \$ 537,005 | \$ 526,172 | \$ 1,063,178 | \$ (65,089) | \$ 998,089 |

Acct. **OPERATING EXPENSES**

| | | | | | | |
|-------|------------------------------------|---------|---------|------------|-------------|------------|
| 601 | Salaries and Wages - Employees | 222,951 | 11,931 | \$ 234,882 | \$ (32,378) | \$ 202,504 |
| 603 | Salaries and Wages - Officers | 1,138 | (1,138) | \$ - | \$ - | \$ - |
| 604 | Employee Pension & Benefits | 44,893 | 11 | \$ 44,904 | \$ (89) | \$ 44,815 |
| 610 | Purchased Water | - | | \$ - | \$ - | \$ - |
| 611 | Telephone/Communications | 9,252 | | \$ 9,252 | \$ - | \$ 9,252 |
| 615 | Purchased Power | 26,109 | | \$ 26,109 | \$ - | \$ 26,109 |
| 616 | Fuel for Power Production | | | \$ - | \$ - | \$ - |
| 617 | Other Utilities | 2,335 | | \$ 2,335 | \$ - | \$ 2,335 |
| 618 | Chemical / Treatment Expense | 4,091 | | \$ 4,091 | \$ - | \$ 4,091 |
| 619 | Office Supplies | 2,529 | | \$ 2,529 | \$ - | \$ 2,529 |
| 619.1 | Postage | 475 | | \$ 475 | \$ - | \$ 475 |
| 620 | O&M Materials/Supplies | 28,466 | (8,566) | \$ 19,900 | \$ - | \$ 19,900 |
| 621 | Repairs to Water Plant | 3,038 | | \$ 3,038 | \$ - | \$ 3,038 |
| 631 | Contract Svcs - Engineering | | | \$ - | \$ - | \$ - |
| 632 | Contract Svcs - Accounting | 2,809 | | \$ 2,809 | \$ - | \$ 2,809 |
| 633 | Contract Svcs - Legal | 792 | | \$ 792 | \$ - | \$ 792 |
| 634 | Contract Svcs - Management Fees | 61,344 | (8,065) | \$ 53,279 | \$ - | \$ 53,279 |
| 635 | Contract Svcs - Testing | | | \$ - | \$ - | \$ - |
| 636 | Contract Svcs - Labor | | | \$ - | \$ - | \$ - |
| 637 | Contract Svcs - Billing/Collection | 2,079 | | \$ 2,079 | \$ - | \$ 2,079 |
| 638 | Contract Svcs - Meter Reading | | | \$ - | \$ - | \$ - |
| 639 | Contract Svcs - Other | 5,515 | | \$ 5,515 | \$ (63) | \$ 5,452 |
| 639B | Contract Svcs - Other | | | \$ - | | \$ - |
| 641 | Rental of Building/Real Property | 10,224 | | \$ 10,224 | \$ - | \$ 10,224 |
| 642 | Rental of Equipment | 626 | | \$ 626 | \$ - | \$ 626 |
| 643 | Small Tools | | | \$ - | \$ - | \$ - |
| 648 | Computer/Electronic Expenses | 28,406 | (5,693) | \$ 22,713 | \$ - | \$ 22,713 |
| 650 | Transportation | 12,832 | (5,966) | \$ 6,866 | \$ - | \$ 6,866 |
| 656 | Vehicle Insurance | | 2,964 | \$ 2,964 | \$ - | \$ 2,964 |
| 657 | General Liability Insurance | 9,071 | 8,786 | \$ 17,857 | \$ - | \$ 17,857 |
| 658 | Workers' Comp Insurance | | 5,269 | \$ 5,269 | \$ - | \$ 5,269 |
| 660 | Public Relations | 225 | | \$ 225 | \$ - | \$ 225 |
| 666 | Amortz. of Rate Case | | | \$ - | \$ - | \$ - |
| 667 | Gross Revenue Fee (PUC) | 4,410 | 162 | \$ 4,572 | \$ (281) | \$ 4,292 |
| 668 | Water Resources Conservation Plan | | | \$ - | | \$ - |
| 670 | Bad Debt Expense | | | \$ - | \$ - | \$ - |
| 671 | Cross Connection Control Program | 1,060 | | \$ 1,060 | \$ - | \$ 1,060 |
| 673 | Training and Certification | 1,313 | | \$ 1,313 | \$ - | \$ 1,313 |

| | Test Year | Adjustments | Company Proposed Totals | Adjustments | Stipulated Total | |
|--------------------------------|-------------------------------------|-------------------|----------------------------|-------------------|------------------|-------------------|
| 674 | Consumer Confidence Report | | \$ - | \$ - | \$ - | |
| 675 | Miscellaneous Expense | 11,329 | \$ 11,329 | \$ 1,878 | \$ 13,207 | |
| OE1 | Other Expense 1 - Capitalized Labor | (136,347) | \$ (30,128) | \$ 30,128 | \$ - | |
| TOTAL OPERATING EXPENSE | | \$ 360,965 | \$ 105,914 | \$ 466,879 | \$ (805) | \$ 466,074 |

OTHER REVENUE DEDUCTIONS

| | | | | | | |
|---------------------------------|---------------------------------------|-------------------|-------------------|-------------------|--------------------|-------------------|
| 403 | Depreciation Expense | 118,772 | 8,919 | \$ 127,691 | \$ (2,316) | \$ 125,375 |
| 406 | Amort of Plant Acquisition Adjustment | | | \$ - | \$ - | \$ - |
| 407 | Amortization Expense | | | \$ - | \$ - | \$ - |
| 408.11 | Property Tax* | 15,477 | 38,762 | \$ 54,239 | \$ (35,026) | \$ 126,057 |
| 408.12 | Payroll Tax* | 9,360 | 12,138 | \$ 21,498 | | |
| 408.13 | Other* | - | 5,788 | \$ 5,788 | | |
| 409.10 | Federal Income Tax* | - | 57,284 | \$ 57,284 | | |
| 409.11 | Oregon Income Tax* | - | 22,274 | \$ 22,274 | | |
| 409.13 | Extraordinary Items Income Tax | | | \$ - | \$ - | \$ - |
| TOTAL REVENUE DEDUCTIONS | | \$ 504,574 | \$ 251,080 | \$ 755,654 | \$ (38,147) | \$ 717,506 |
| Net Operating Income | | \$ 32,431 | \$ 275,092 | \$ 307,524 | \$ (26,941) | \$ 280,583 |

UTILITY RATE BASE

| | | | | | | |
|-----------------------------------|--|---------------------|-------------------|---------------------|------------------|---------------------|
| 101 | Utility Plant in Service | 4,423,538 | 287,128 | \$ 4,710,666 | \$ 64,496 | \$ 4,775,161 |
| 105 | Construction Work in Progress | | | \$ - | \$ 287,128 | \$ 287,128 |
| 108 | - Accumulated Depreciation of Plant | 885,242 | - | \$ 885,242 | \$ 339,501 | \$ 1,224,742 |
| 271 | - Contributions in Aid of Construction | 363,710 | | \$ 363,710 | \$ - | \$ 363,710 |
| 272 | + Accumulated Amortization of CIAC | 258,806 | - | \$ 258,806 | \$ 4,243 | \$ 263,049 |
| 281 | - Accumulated Deferred Income Tax | (13,224) | 43,144 | \$ 29,919 | \$ 3,458 | \$ 33,377 |
| | - Excess Capacity | | | \$ - | \$ - | \$ - |
| = NET RATE BASE INVESTMENT | | \$ 3,446,616 | \$ 243,984 | \$ 3,690,601 | \$ 12,909 | \$ 3,703,509 |
| Plus: (working capital) | | | | | | |
| 151 | Materials and Supplies Inventory | | | \$ - | \$ - | \$ - |
| | Working Cash (Total Op Exp /12) | 30,080 | 8,826 | \$ 38,907 | \$ (67) | \$ 38,840 |
| TOTAL RATE BASE | | \$ 3,476,697 | \$ 252,811 | \$ 3,729,507 | \$ 12,842 | \$ 3,742,349 |
| Rate of Return | | 0.93% | | 8.25% | | 7.4975% |

*The Stipulating Parties agreed to a combined amount for these items.

Adjustment Summary

REVENUES

| | | Company Proposed Totals | Adjustments | Stipulated Total | Explanation of Adjustment |
|-------|--------------------------|------------------------------------|--------------------|-------------------------|----------------------------------|
| 460 | Unmetered | \$ - | \$ - | \$ - | |
| 461.1 | Residential | \$ 849,162 | \$ (35,501) | \$ 813,660 | Effect of adjustments. |
| 461.2 | Commercial | \$ 214,016 | \$ (29,587) | \$ 184,429 | Effect of adjustments. |
| 462 | Fire Protection Sales | \$ - | \$ - | \$ - | |
| 465 | Irrigation Water Sales | \$ - | \$ - | \$ - | |
| 466 | Water Sales for Resale | \$ - | \$ - | \$ - | |
| 471 | Miscellaneous Services | \$ - | \$ - | \$ - | |
| 475 | Cross Connection Control | \$ - | \$ - | \$ - | |
| | Other | \$ - | \$ - | \$ - | |
| | | \$ - | \$ - | \$ - | |
| | Total Revenue | \$ 1,063,178 | \$ (65,089) | \$ 998,089 | |

Acct. **OPERATING EXPENSES**

| | | | | | |
|-------|------------------------------------|------------|-------------|------------|---|
| 601 | Salaries and Wages - Employees | \$ 234,882 | \$ (32,378) | \$ 202,504 | Adjusted "Other Wages," removed capitalized amount. |
| 603 | Salaries and Wages - Officers | \$ - | \$ - | \$ - | |
| 604 | Employee Pension & Benefits | \$ 44,904 | \$ (89) | \$ 44,815 | Benefits reduction associated with Acct 601 adjustment. |
| 610 | Purchased Water | \$ - | \$ - | \$ - | |
| 611 | Telephone/Communications | \$ 9,252 | \$ - | \$ 9,252 | No adjustment. |
| 615 | Purchased Power | \$ 26,109 | \$ - | \$ 26,109 | No adjustment. |
| 616 | Fuel for Power Production | \$ - | \$ - | \$ - | |
| 617 | Other Utilities | \$ 2,335 | \$ - | \$ 2,335 | No adjustment. |
| 618 | Chemical / Treatment Expense | \$ 4,091 | \$ - | \$ 4,091 | No adjustment. |
| 619 | Office Supplies | \$ 2,529 | \$ - | \$ 2,529 | No adjustment. |
| 619.1 | Postage | \$ 475 | \$ - | \$ 475 | No adjustment. |
| 620 | O&M Materials/Supplies | \$ 19,900 | \$ - | \$ 19,900 | No adjustment. |
| 621 | Repairs to Water Plant | \$ 3,038 | \$ - | \$ 3,038 | No adjustment. |
| 631 | Contract Svcs - Engineering | \$ - | \$ - | \$ - | |
| 632 | Contract Svcs - Accounting | \$ 2,809 | \$ - | \$ 2,809 | No adjustment. |
| 633 | Contract Svcs - Legal | \$ 792 | \$ - | \$ 792 | No adjustment. |
| 634 | Contract Svcs - Management Fees | \$ 53,279 | \$ - | \$ 53,279 | No adjustment. |
| 635 | Contract Svcs - Testing | \$ - | \$ - | \$ - | |
| 636 | Contract Svcs - Labor | \$ - | \$ - | \$ - | |
| 637 | Contract Svcs - Billing/Collection | \$ 2,079 | \$ - | \$ 2,079 | No adjustment. |
| 638 | Contract Svcs - Meter Reading | \$ - | \$ - | \$ - | |
| 639 | Contract Svcs - Other | \$ 5,515 | \$ (63) | \$ 5,452 | Removed late payment fees. |
| 641 | Rental of Building/Real Property | \$ 10,224 | \$ - | \$ 10,224 | No adjustment. |
| 642 | Rental of Equipment | \$ 626 | \$ - | \$ 626 | No adjustment. |
| 643 | Small Tools | \$ - | \$ - | \$ - | |
| 648 | Computer/Electronic Expenses | \$ 22,713 | \$ - | \$ 22,713 | No adjustment. |
| 650 | Transportation | \$ 6,866 | \$ - | \$ 6,866 | No adjustment. |
| 656 | Vehicle Insurance | \$ 2,964 | \$ - | \$ 2,964 | No adjustment. |

| | | Company Proposed Totals | Adjustments | Stipulated Total | Explanation of Adjustment |
|-----|-------------------------------------|------------------------------------|--------------------|-------------------------|--|
| 657 | General Liability Insurance | \$ 17,857 | \$ - | \$ 17,857 | No adjustment. |
| 658 | Workers' Comp Insurance | \$ 5,269 | \$ - | \$ 5,269 | No adjustment. |
| 660 | Public Relations | \$ 225 | \$ - | \$ 225 | No adjustment. |
| 666 | Amortz. of Rate Case | \$ - | \$ - | \$ - | |
| 667 | Gross Revenue Fee (PUC) | \$ 4,572 | \$ (281) | \$ 4,292 | Automatic at 0.43% of revenue. |
| 670 | Bad Debt Expense | \$ - | \$ - | \$ - | |
| 671 | Cross Connection Control Program | \$ 1,060 | \$ - | \$ 1,060 | No adjustment. |
| 673 | Training and Certification | \$ 1,313 | \$ - | \$ 1,313 | No adjustment. |
| 674 | Consumer Confidence Report | \$ - | \$ - | \$ - | |
| 675 | Miscellaneous Expense | \$ 11,329 | \$ 1,878 | \$ 13,207 | Increased for master plan amortization; removed \$336 Meals & Entertainment. |
| OE1 | Other Expense 1 - Capitalized Labor | \$ (30,128) | \$ 30,128 | \$ - | Adjustments already reflected in Accounts 601, 604, and 408.12. |
| OE2 | Other Expense 2 | \$ - | \$ - | \$ - | |
| OE3 | Other Expense 3 | \$ - | \$ - | \$ - | |
| OE4 | Other Expense 4 | \$ - | \$ - | \$ - | |
| OE5 | Other Expense 5 | \$ - | \$ - | \$ - | |
| | TOTAL OPERATING EXPENSE | \$ 466,879 | \$ (805) | \$ 466,074 | |

OTHER REVENUE DEDUCTIONS

| | | | | | |
|--------|---------------------------------------|-------------------|--------------------|-------------------|---|
| 403 | Depreciation Expense | \$ 127,691 | \$ (2,316) | \$ 125,375 | Calculated 2022 depreciation based on in-service dates. |
| 406 | Amort of Plant Acquisition Adjustment | \$ - | \$ - | \$ - | |
| 407 | Amortization Expense | \$ - | \$ - | \$ - | |
| 408.11 | Property Tax | \$ 54,239 | | | |
| 408.12 | Payroll Tax | \$ 21,498 | | | |
| 408.13 | Other | \$ 5,788 | \$ (35,026) | \$ 126,057 | Included as a single sum. |
| 409.10 | Federal Income Tax | \$ 57,284 | | | |
| 409.11 | Oregon Income Tax | \$ 22,274 | | | |
| 409.13 | Extraordinary Items Income Tax | \$ - | \$ - | \$ - | |
| | TOTAL REVENUE DEDUCTIONS | \$ 755,654 | \$ (38,147) | \$ 717,506 | |
| | Net Operating Income | \$ 307,524 | \$ (26,941) | \$ 280,583 | |

UTILITY RATE BASE

| | | | | | |
|-----|--|---------------------|------------------|---------------------|---|
| 101 | Utility Plant in Service | \$ 4,710,666 | \$ 64,496 | \$ 4,775,161 | Added CIAC; assets through 2022. |
| 105 | Construction Work in Progress | \$ - | \$ 287,128 | \$ 287,128 | PRV replacement and generators (2023 assets). |
| 108 | - Accumulated Depreciation of Plant | \$ 885,242 | \$ 339,501 | \$ 1,224,742 | Added CIAC depreciation. Through 8/1/2323. |
| 271 | - Contributions in Aid of Construction | \$ 363,710 | \$ - | \$ 363,710 | |
| 272 | + Accumulated Amortization of CIAC | \$ 258,806 | \$ 4,243 | \$ 263,049 | Increased through to 8/1/23. |
| 281 | - Accumulated Deferred Income Tax | \$ 29,919 | \$ 3,458 | \$ 33,377 | Based on adjusted book value of assets. |
| | - Excess Capacity | \$ - | \$ - | \$ - | |
| | = NET RATE BASE INVESTMENT | \$ 3,690,601 | \$ 12,909 | \$ 3,703,509 | |

Plus: (working capital)

| | | | | | |
|-----|----------------------------------|---------------------|------------------|---------------------|-------------------------------|
| 151 | Materials and Supplies Inventory | \$ - | \$ - | \$ - | |
| | Working Cash (Total Op Exp /12) | \$ 38,907 | \$ (67) | \$ 38,840 | 1/12th of operating expenses. |
| | TOTAL RATE BASE | \$ 3,729,507 | \$ 12,842 | \$ 3,742,349 | |
| | Rate of Return | 8.25% | 0.00% | 7.4975% | |

Rate Design

Residential, Commercial and Multi-Family

Revenue Allocation: **998,089**

Allocated to Base Rates: 67.00%
 Allocated to Commodity Rates: 33.00%

Base Rates

Revenue Allocation: **668,720**

| Meter Size | Customers | Factors | Customer Equivalency | % of Total | Revenue Allocation | Base Rate |
|--------------|------------|---------|-------------------------|----------------|-----------------------|--------------------|
| 5/8" | | 1.0000 | - | 0.00% | \$ - | \$ 57.13 |
| 3/4" | 926 | 0.9150 | 847 | 86.86% | \$ 580,868 | \$ 52.27 |
| 1" | 20 | 1.7500 | 35 | 3.59% | \$ 23,995 | \$ 99.98 |
| 1 1/2" | 12 | 3.5596 | 43 | 4.38% | \$ 29,284 | \$ 203.36 |
| 2" | 3 | 16.8104 | 50 | 5.17% | \$ 34,574 | \$ 960.38 |
| 3" | | 15.0000 | - | 0.00% | \$ - | \$ 856.95 |
| 4" | | 25.0000 | - | 0.00% | \$ - | \$ 1,428.25 |
| 6" | | 50.0000 | - | 0.00% | \$ - | \$ 2,856.50 |
| 8" | | 80.0000 | - | 0.00% | \$ - | \$ 4,570.40 |
| TOTAL | 961 | | 975 | 100.00% | \$ 668,720 | |

Commodity Rate

Revenue Allocation: **329,369**

| | | |
|-----------------------------|-----------|------------|
| Annual Consumption | 7,637,105 | Cubic Feet |
| Unit of Measurement | 100 | Cubic Feet |
| Annual Units of Consumption | 76,371 | Units |

Commodity Rate: **\$ 4.313** per unit

Rate Comparison

| Rate | Current | Stipulated | Change |
|----------------------------|-----------|------------|--------|
| Variable Rate (per 100 CF) | \$ 1.65 | \$ 4.313 | 161% |
| Base Rate - Non-Metered | \$ 51.45 | \$ 86.48 | 68% |
| Base Rate - 3/4" meter | \$ 31.10 | \$ 52.27 | 68% |
| Base Rate - 1" meter | \$ 64.78 | \$ 99.98 | 54% |
| Base Rate - 1 1/2" meter | \$ 133.02 | \$ 203.36 | 53% |
| Base Rate - 2" meter | \$ 852.99 | \$ 960.38 | 13% |

Average Monthly Bill Comparison

| Customer | CF usage | Customers | At Current Rates | | | | At Stipulated Rates | | | | Change from Current |
|---------------------------|------------------|------------|-------------------|-------------------|-------------------|---------------------|---------------------|-------------------|-------------------|---------------------|---------------------|
| | | | Base Revenue | Variable Revenue | Total Revenue | Average Monthly Bil | Base Revenue | Variable Revenue | Total Revenue | Average Monthly Bil | |
| Residential - 3/4" meter | 5,775,943 | 900 | \$ 335,880 | \$ 95,303 | \$ 431,183 | \$ 39.92 | \$ 564,558 | \$ 249,102 | \$ 813,660 | \$ 75.34 | 89% |
| Commercial - 3/4" meter | 455,454 | 26 | \$ 9,703 | \$ 7,515 | \$ 17,218 | \$ 55.19 | \$ 16,309 | \$ 19,643 | \$ 35,952 | \$ 115.23 | 109% |
| Commercial - 1" meter | 582,148 | 20 | \$ 15,547 | \$ 9,605 | \$ 25,153 | \$ 104.80 | \$ 23,995 | \$ 25,107 | \$ 49,101 | \$ 204.59 | 95% |
| Commercial - 1 1/2" meter | 473,714 | 12 | \$ 19,155 | \$ 7,816 | \$ 26,971 | \$ 187.30 | \$ 29,284 | \$ 20,430 | \$ 49,714 | \$ 345.24 | 84% |
| Commercial - 2" meter | 349,846 | 3 | \$ 30,708 | \$ 5,772 | \$ 36,480 | \$ 1,013.34 | \$ 34,574 | \$ 15,088 | \$ 49,662 | \$ 1,379.49 | 36% |
| Total | 7,637,105 | 961 | \$ 410,993 | \$ 126,012 | \$ 537,005 | \$ 46.57 | \$ 668,720 | \$ 329,369 | \$ 998,089 | \$ 86.55 | 86% |

Invested Plant

| Acct No. | Account Description | Date Acquired | Utility Plant Orig Cost | Less Excess Capacity Adj to Plant | Total Adj Plant | Annual Deprec | 2022 | 2023 | Accum. Deprec. | Remaining Plant |
|---------------|---------------------------------------|---------------|-------------------------|-----------------------------------|------------------|----------------|----------------|---------------|----------------|------------------|
| 301 | Organization | Various | - | - | - | - | - | - | - | - |
| 302 | Franchises | Various | - | - | - | - | - | - | - | - |
| 303 | Land and Land Rights | Various | 43,272 | - | 43,272 | - | - | - | - | 43,272 |
| 304 | Structures and Improvements | Various | 547,666 | - | 547,666 | 14,551 | 13,764 | 8,358 | 57,344 | 490,322 |
| 305 | Collecting and Impounding Reservoirs | Various | - | - | - | - | - | - | - | - |
| 306 | Lake, River and Other Intakes | Various | - | - | - | - | - | - | - | - |
| 307 | Wells and Springs | Various | 1,311,300 | - | 1,311,300 | 35,571 | 35,435 | 20,750 | 274,642 | 1,036,658 |
| 308 | Infiltration Galleries and Tunnels | Various | - | - | - | - | - | - | - | - |
| 309 | Supply Main | Various | 527,953 | - | 527,953 | 8,947 | 8,877 | 5,219 | 28,248 | 499,705 |
| 310 | Power Generation Equipment | Various | - | - | - | - | - | - | - | - |
| 311 | Pumping Equipment | Various | 175,264 | - | 175,264 | 8,503 | 3,516 | 2,236 | 117,523 | 57,741 |
| 320 | Water Treatment Equipment | Various | 686,832 | - | 686,832 | 22,894 | 22,518 | 13,355 | 47,037 | 639,795 |
| 330 | Distribution Reservoir and Standpipes | Various | 297,629 | - | 297,629 | 6,764 | 6,764 | 3,946 | 174,871 | 122,758 |
| 331 | Transmission and Distribution Mains | Various | 246,746 | - | 246,746 | 4,881 | 4,881 | 2,847 | 152,340 | 94,407 |
| 333 | Services | Various | - | - | - | - | - | - | - | - |
| 334 | Meters and Meter Installations | Various | 309,575 | - | 309,575 | 11,982 | 9,946 | 6,990 | 27,758 | 281,817 |
| 335 | Hydrants | Various | 6,026 | - | 6,026 | 134 | 134 | 78 | 3,948 | 2,078 |
| 336 | Cross Connection Control | Various | - | - | - | - | - | - | - | - |
| 339 | Other Plant | Various | 92,641 | - | 92,641 | 9,704 | 9,626 | 5,350 | 29,047 | 63,594 |
| 340 | Office Furniture and Equipment | Various | 16,536 | - | 16,536 | 1,512 | 846 | 535 | 11,935 | 4,602 |
| 341 | Transportation Equipment | Various | 54,182 | - | 54,182 | 8,801 | 1,696 | 2,968 | 23,230 | 30,952 |
| 342 | Stores and Equipment | Various | 1,302 | - | 1,302 | 65 | 35 | 38 | 73 | 1,229 |
| 343 | Tools, Shop, and Garage Equipment | Various | 3,252 | - | 3,252 | 217 | 126 | 126 | 253 | 2,999 |
| 344 | Laboratory Equipment | Various | 3,213 | - | 3,213 | 568 | 550 | 332 | 1,151 | 2,062 |
| 345 | Power Operated Equipment | Various | - | - | - | - | - | - | - | - |
| 346 | Communication Equipment | Various | (617) | - | (617) | 53 | 124 | 31 | 351 | (967) |
| 347 | Electronic/Computer Equipment | Various | 24,495 | - | 24,495 | 4,330 | 4,204 | 2,526 | 7,233 | 17,263 |
| 348 | Miscellaneous Equipment | Various | 64,182 | - | 64,182 | 2,578 | 2,335 | 1,504 | 4,710 | 59,472 |
| TOTALS | | Various | 4,411,451 | - | 4,411,451 | 142,057 | 125,375 | 77,188 | 961,693 | 3,449,758 |

| | |
|--------------------------------|------------------|
| Original Plant In Service Cost | 4,411,451 |
| Less: Excess Capacity | - |
| "Used & Useful" Plant | 4,411,451 |
| Less Accum Depreciation | 961,693 |
| NET PLANT | 3,449,758 |

| | |
|---|----------------|
| Depreciation Expense - 2022 Assets | 125,375 |
|---|----------------|

CIAC Plant

| Acct No. | Account Description | Date Acquired | Utility Plant Orig Cost | Less Excess Capacity Adj to Plant | Total Adj Plant | Annual Deprec | 2022 | 2023 | Accum. Deprec. | Remaining Plant |
|---------------|---------------------------------------|---------------|-------------------------|-----------------------------------|-----------------|---------------|--------------|--------------|----------------|-----------------|
| 301 | Organization | Various | - | - | - | - | - | - | - | - |
| 302 | Franchises | Various | - | - | - | - | - | - | - | - |
| 303 | Land and Land Rights | Various | - | - | - | - | - | - | - | - |
| 304 | Structures and Improvements | Various | - | - | - | - | - | - | - | - |
| 305 | Collecting and Impounding Reservoirs | Various | - | - | - | - | - | - | - | - |
| 306 | Lake, River and Other Intakes | Various | - | - | - | - | - | - | - | - |
| 307 | Wells and Springs | Various | - | - | - | - | - | - | - | - |
| 308 | Infiltration Galleries and Tunnels | Various | - | - | - | - | - | - | - | - |
| 309 | Supply Main | Various | - | - | - | - | - | - | - | - |
| 310 | Power Generation Equipment | Various | - | - | - | - | - | - | - | - |
| 311 | Pumping Equipment | Various | - | - | - | - | - | - | - | - |
| 320 | Water Treatment Equipment | Various | - | - | - | - | - | - | - | - |
| 330 | Distribution Reservoir and Standpipes | Various | 200,000 | - | 200,000 | | 4,000 | 2,333 | 168,333 | 31,667 |
| 331 | Transmission and Distribution Mains | Various | 163,710 | - | 163,710 | | 3,274 | 1,910 | 94,716 | 68,994 |
| 333 | Services | Various | - | - | - | - | - | - | - | - |
| 334 | Meters and Meter Installations | Various | - | - | - | - | - | - | - | - |
| 335 | Hydrants | Various | - | - | - | - | - | - | - | - |
| 336 | Cross Connection Control | Various | - | - | - | - | - | - | - | - |
| 339 | Other Plant | Various | - | - | - | - | - | - | - | - |
| 340 | Office Furniture and Equipment | Various | - | - | - | - | - | - | - | - |
| 341 | Transportation Equipment | Various | - | - | - | - | - | - | - | - |
| 343 | Tools, Shop, and Garage Equipment | Various | - | - | - | - | - | - | - | - |
| 344 | Laboratory Equipment | Various | - | - | - | - | - | - | - | - |
| 345 | Power Operated Equipment | Various | - | - | - | - | - | - | - | - |
| 346 | Communication Equipment | Various | - | - | - | - | - | - | - | - |
| 347 | Electronic/Computer Equipment | Various | - | - | - | - | - | - | - | - |
| 348 | Miscellaneous Equipment | Various | - | - | - | - | - | - | - | - |
| TOTALS | | Various | 363,710 | - | 363,710 | | 7,274 | 4,243 | 263,049 | 100,661 |

| | |
|--------------------------------|----------------|
| Original Plant In Service Cost | 363,710 |
| Less: Excess Capacity | - |
| "Used & Useful" Plant | 363,710 |
| Less Accum Amort of CIAC | 263,049 |
| NET PLANT | 100,661 |

CASE: UW 195
WITNESSES: STEPHANIE YAMADA (STAFF)
MICHAEL BOWMAN (SALMON VALLEY WATER COMPANY)

**PUBLIC UTILITY COMMISSION
OF
OREGON**

STIPULATING PARTIES EXHIBIT 103

Public Comments

AUGUST 10, 2023

Joe Korpela Comments

Stephanie,

My comments regarding Salmon Valley Waters request (docket # UW 195) for a 100% rate increase are simple. ABSOLUTELY NOT! Did your income go up 100% this year? Did it go up to keep up with COL? Mine didnt. If Salmon Valley cant manage their projects any better than that, somebody needs to be fired. If this goes through, they have gotten away with about a 300% increase since NW Natural has gotten ahold of them. ABSOLUTELY NOT. How does that make ANY sense at all. Any court or judge that allows such a thing should also be removed from their position and investigated. That is in no way serving the public interest. Everyone in favor of such a thing exhibits nothing but complete contempt and disregard for the people they are supposed to be protecting and serving. Everybody understands the need for rate increases periodically but even asking for 100% is obscene.

Joe Korpela
68922 E. Cedar Hill Loop
Welches, OR 97067

Brian Lauterbach Comments (Transcribed from Voicemail)

Hi my name is Brian Lauterbach in Welches, Oregon. My phone number is (503) 752-2932 and I received a notice in the mail for a proposed change to water service rates for Salmon Valley Water Company, who are owned by Northwest Natural Water. They're essentially doubling our water bill. We've had horrible water service, iron, other materials, our dogs have been sick, we've been sick, took out our water heater, we've got lots of pictures of the horrible water we've gotten. We're drinking bottled water now. I want to find out when the hearings are going to be. I will email you guys. Once again my name is Brian Lauterbach, My phone number is (503) 752-2932 and I will email you further requests. We are definitely an interested party in the series. Thank you.

Todd Ellis Comments

Good Morning,

I was wondering if your agency reviews or takes comment on proposed rate increases by water service providers? I live in Welches and two years ago, our water provider was bought out but retained the Salmon Valley water name. Shortly after the purchase, we were informed our base rates would increase about \$10 a year for the next two years. On year one, it did increase by roughly \$10, but this year, we were just informed our increase would double. No explanation or justification. It seems odd that our old provider could provide water at a base rate of \$20, but the new provider needs \$60 for the same service. This kind of increase causes financial hardship for those involved. I guess my question is did they provided you an explanation that you deemed reasonable? I'm not questioning that, only wanting to know if that was the case.

Thank you for your time,
Todd Ellis
Welches, Oregon

Becca & Ben Kolibaba Comments

To Whom it May Concern,

I am writing to express my concern over the proposed increase from Salmon Valley Water Company. As a long time resident of Welches (since 2006), I have some serious concerns about what they are proposing. We have seen several increases over the last few years, and now with this new proposal, we'd be looking at doubling our monthly costs. Not only am I a local homeowner, but I am also the owner of the Welches laundromat. My business expenses are heavily tied into the cost of utilities, so doubling the cost for a small business makes a significant impact. Contrary to popular belief, our little laundromat is not a huge moneymaker, and barely makes enough to pay the bills. With the costs of propane, electricity, sewer and goods going up significantly in the last year, this new water proposal is just over the top. This community depends on having the services of the laundromat, I'm afraid with utility costs doubling this business may not be sustainable much longer.

Small increases are bearable, doubling our rates is not. This is a small community, comprised of many low income families and seniors. I urge you to evaluate the proposal thoroughly and find another way to come up with the funds needed. Many in this community won't be able to bear the increase.

Thank you,

Becca & Ben Kolibaba
503.709.9718

Peter Himes Comments

How is Salmon Valley Water District justifying a double the rate increase(notification dated March 3, 2023). Since NW Natural bought the water district our water bill doubled, now they want to double it again? This community can't afford it. There are a lot of low income, and fixed income folks that live in this area. This will hurt.

Regards,

Peter Himes
68183 E Twinberry Loop
Welches, OR

Sent from my iPhone

Jim and Judi Sandsness Comments

Jim & Judi Sandsness

PO Box 387

Welches, OR 97067

RECEIVED

MAR 17 2023

P.U.C.

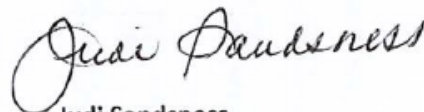
March 14, 2023

PUBLIC UTILITY COMMISSION OF OREGON
ADMINISTRATIVE HEARINGS DIVISION
P.O. Box 1088
SALEM, OR 97308-1088

Re: SALMON VALLEY WATER COMPANY ANNOUNCEMENT OF PROPOSED CHANGES TO WATER SERVICE RATE TARIFFS FILED WITH THE PUC
(SVW submitted a general rate filing to the Commission on 2/27/2023 seeking to increase their annual revenues effective August 1, 2023).

This is a request to receive notices of the times and place of hearings on the above matter, along with decisions.

Thank you.



Judi Sandsness

503 622-0889

pineconesixgreen@frontier.com

cc: PUC Administrative Hearings Division, puc.consumer@puc.oregon.gov

Wendy Jensen Comments

It is hard as is to keep my bills paid on the income I have. I stopped taking some of my meds to help with food and normal household bills. I don't have cable or satellite or wifi so I read a lot. Now water bill is going to double so food gets cut back now !? You must not live in the area how lucky for you !!

Here's my info.

Wendy Jensen

[address and phone redacted]

Water rate increase

Carol Hughes Comments

Dear Public Utility Commission of Oregon,

April 16, 2023

RE: Docket UW 195 Salmon Valley Water Company/NW Natural Water

This letter is in response to Salmon Valley Water's (SVW)/NW Natural Water request for a general rate revision. I am a current SVW customer and have been a customer for just over 25 years. I am unable to participate in the public comment hearing (via Zoom) on April 27, 2023. This letter provides my written public comments to the PUC.

Below you will find statements from the 2023-2025 Public Utility Commission of Oregon (PUC) Strategic Plan. I provide the mission, goals, and objectives **where the proposal to double current rates is inconsistent with the strategic plan in relation to fair pricing, affordability, and community equity**. Please note that I do appreciate the fact that SVW/NW Natural Water has made investments that provide their customers with safe and reliable water. It is the exorbitant increase that I take issue with. I also question whether their proposal is at the lowest reasonable cost.

- The mission is to "ensure Oregonians have access to safe, reliable, and **fairly priced** utility services."
- Goal 1 is to "Use regulatory tools effectively to balance interests and **ensure utility service** is reliable, **affordable**, and advances the public interest.
- Goal 1, Long-term objective, bullet two, is to provide direction and incentives for utilities to operate efficiently, meet consumers' needs, and advance the public interest **at the lowest reasonable cost** and risk.
- Goal 1, Short-term objective, bullet two, is to incorporate significant recent legislative direction...**by adapting** planning oversight and **ratemaking to consider** climate change, **community benefits, equity**, and environmental justice,...

Salmon Valley Water was acquired by NW Natural Water in November 2018. Reviewing our past residential bills from SVW, I provide you a history of rate increases since NW Natural Water acquired SVW. Unfortunately, I only have receipts back to January of 2019.

| | 1/2019 | 8/2021 | 9/2021 | 10/2021 | 10/2022 to current |
|------------|---------------|---------------|---------------|----------------|---------------------------|
| Base rate | \$20.36 | \$20.36 | \$24.78 | \$24.78 | \$31.10 |
| Usage rate | \$0.98 | \$1.02 | \$1.02 | \$1.30 | \$1.30 |

This demonstrates a \$10.74 (52.8%) increase in base rate and a \$0.42 (42.9%) increase in usage rate over a 4-year period. To now request a 100% rate increase is out-of-line when they already have received these previous rate increases.

Our Welches community is comprised of people from different backgrounds, ethnicities, and economic statuses, and with fixed incomes. The potential doubling of our water bills puts a hardship on many customers of SVW/NW Natural Water. **Please do not approve of the proposed rate increase.**

Docket No. UW 195
Public Comments

Stipulating Parties/103
Yamada and Bowman/9

Respectfully,

/s/ Carol S. Hughes

Jim and Judi Sandsness Comments

I would like to comment on Salmon Valley Water Company's request for a rate increase.

Over the years we have fought with bad water (orange in color from excessive iron), especially during the summer months. It has ruined clothing, sheets, towels, etc. when doing the laundry. Once stains are in the clothes/sheets/towels/etc., it is impossible to remove the stains. New clothes were ruined several times. We bought numerous bottles of Iron Out (which becomes expensive) in an attempt to remove stains from laundry, toilets, tubs, showers. I have taken laundry to a laundromat in Sandy to save clothing and the washer and dryer charges are expensive in a laundromat. We purchased bottled water to drink and bottled water to wash hair so the hair didn't turn orange.

Finally, in an attempt to get rid of these problems, we had Always Pure Water Systems install a water filtration system in our home. The cost of this system was \$2,913 in 2020. In addition to the original cost of the system, we must purchase cartridge filters (\$99 each) a couple times a year and annually have a service call to have a Phosphate Cartridge Filter installed (\$318).

We were happy to see that Salmon Valley Water Company was attempting to resolve the iron in the water that causes the stains and sludge in the pipes by installing a new well on Foxglove 7. Now the well is operable but they continue to ask for rate increases. The latest request seems completely out of line and this increase, if allowed, will be a burden on numerous residents in the area.

Respectfully,

Jim & Judi Sandsness

Mary Bentson Comments

Dear Utility Commission,

As a Salmon Valley Water customer, I believe you must require a full disclosure from SVW of the reasons for such a high rate increase. I have never had a utility go up so fast—and absolutely no justification is forthcoming. This is no way to run a public utility.

Mary Bentson
bentson@comcast.net
503.804.0783

Jim Robinson Comments

I wish to file a comment regarding the rate increase requested by Salmon Valley Water Company (NW Natural Water), UW 195.

The requested 100% average residential rate increase (from \$39.92 to nearly \$79 monthly) is outrageous. The company lists recently installed e-meters as part of needing to increase rates. Salmon Valley Water Company should divulge this upgrade's cost-saving benefits ***to the company*** and why it is not being passed on to its consumers. The company should further provide average residential water rates for other providers throughout Oregon for comparison.

We already pay over \$50 per month separately for sewer service to Clackamas County WES.

How can any company justify a 100% rate increase after two more recent increases?

We live in a small HOA community with predominately older retired neighbors on fixed incomes. Doubling our water bills is obscene. How about a senior rate versus the bilking for all the short-term rentals (STRs) in Mount Hood Village, owned by huge corporations that pass the utility costs onto their short-term renters? Residential water consumers are not the only affected demographic. Our Mt. Hood Village businesses will be crippled and forced to pass the double rates onto consumers, not all of which are vacationers. So, this is not just doubling a single rate, it is compounding the cost of living here.

Thank you for considering denying this rate increase or, at the very least, reigning it in!

Jim Robinson

Jan Ostrom Comments

On the subject of their huge increase in water rates. It is beyond unreasonable. I can understand an increase from year to year, but double the rate. No way!

Jan Ostrom
busybeecatering@hotmail.com
503-622-6743

Sondra Redmond Comments

We don't want a rate increase please. Already paying a lot with the separate sewer bill. My dad in Phoenix pays half of what you are proposing and they don't have water out there

Sondra Redmond
Bright Ave, Welches

Debra Himes Comments

To whom it concerns,

Having lived in Welches for 6 years now I'm stunned that the water rates are rising so quickly. I understand the first rate hike, doubling the monthly costs. I was thinking line's would improve and the iron water would go away. That hasn't happened we still have episodes of iron water staining laundry toilets tubs etc. Now a proposal for another rate hike doubling again with no improvements seen. This is not right! Please reconsider building your nest egg and realize this impact on the communities.

Regards,
Debra Himes

Sent from my iPhone

Peter Himes Comments

It appears that the rate increase that is proposed does nothing for the Customers of the Salmon Valley Water District. NW Natural Water, the owners of SVW are in an acquisition mode and have been buying small water and wastewater utilities across 4 states. I don't feel we should have to provide the cash from a proposed increase that is double our current rate to fund these acquisitions. It is concerning that NW Natural Water is buying up all these small utilities, raising rates, yet no discussion as to what is going to improve related to individual water districts (SVW). Please investigate this proposal carefully. NWW states they are bringing better customer service and reliability with their ownership. I need a lot more than that with doubling the rate. We already had good customer service and reliability.

Regards,
Peter Himes
Welches, OR

Sent from my iPhone

Harold and Mary Imel Comments

When the new meters were put in four years ago, the rate did not increase at that time. The increase only accrued when the new owners purchased SVW.

68395 E Fairway Ave. Welches Or.

Harold and Mary Imel

Diane and Jim Stanton Comments

We are literally being priced out of our home in Welches. We have lived here for over 30 years. Now Salmon Valley Water wants to double the rate!! That us absolutely ridiculous of course and I'm hoping you will agree.

Thank you for your attention to this matter.

Diane and Jim Stanton
Welches

Sent from my iPhone

Vivian Fiore Comments

I live in Welches, and am writing to voice my opinion about SVWC's unjust intended water rate increase. It is outrageous that they would propose ANY increase with the lousy water quality we are all subjected. But for them to increase it by almost double is beyond the pale. This is total gouging the citizens, especially considering the hard economic circumstances many households are now facing. Please investigate and put a stop to this unfair practice of SVW.

25405 East Travino Ct
Welches, OR 97067
562-480-7340
Sincerely,
Vivian Fiore
Welches

Get [Outlook for Android](#)

Unsigned Comments

When NW Gas purchased Salmon Valley Water were they not aware of the well with rust that needed to be replaced? When the new well became available my bill on an average from the Salmon Valley Water Co was \$28.00. The rate hike bills began approx 3 mo ago and average \$39.00. Now the request for another rate hike to raise 859 residential customers water bills to \$78 is unacceptable to many.

There are low income and senior citizens living in this service area which many have not been notified by Salmon Valley Water of this requested rate hike. If my HOA had not notified me of this increase I would not have the opportunity to respond in kind.

With the last rate hike the annual revenue for Salmon Valley Water residential customers is \$350,661. With the request for the rate hike the annual revenue would jump to \$849,162! I am very interested on the projected the accumulated depreciation or \$885,242. How can the new well depreciated in one year that much?

Is there not a time frame for explosion of rate hikes within one years time?

Should not the management of Salmon Valley Water be requested to reside within the services of Salmon Valley Water?

Please reconsider and NOT approve this rate hike as many will be negatively impacted financially.

Thank you in advance for your consideration.

Peter West Comments

Received Monday, March 27, 2023 at 9:04 PM:

Doubling our bills is excessive, inflation is at 6% not 100%. The last rate increase was 50% for what I thought was the new well. So I feel this company is running insufficiently and we shouldn't have to pay for their mistakes. Or maybe it is just greed. I hope they get investigated and get help.

Received Monday, March 27, 2023 at 9:09 PM:

Another thing I'll add to why I hope they get investigated and get help. Couple years ago they basically called me a liar when I said I didn't have a leak and long story short I had to have the PUC investigate it and they were charging me wrong because they changed the unit of measure and didn't convert it back to charge me right for months. SVW also stopped responding to me during that time. I don't trust them

Received Tuesday, March 28, 2023 8:49 PM:

Also I never got a notice from SVW about a possible rate increase. Not with my bill or phone call or email. I found out from neighbors and then checked on their website. I worry that lots of customers aren't aware of what's happening and aren't speaking up because of it.

Todd Ellis Comments

I appreciate the opportunity to express my frustration and concern over the proposed increase by salmon valley water. I find it difficult to believe the previous owner could supply water for a \$20 base rate, which included your first 1500 gallons, and these guys need 4 times that amount. It appears to me their application had over inflated values of their costs. The half million dollar price tag on their glorified shed is a prime example. Additionally, their initial proposal we received 3 years ago indicated a \$10 increase for each of the next 2 years. Now after a year and a \$10 increase, they want to double our rates.

I appreciate the opportunity to air my concerns and I hope the PUC will take into consideration the financial impact this proposed increase will have on the residents of Welches.

Sincerely,

Todd Ellis

Welches

Sent from the all new AOL app for Android

Rachel Smith Comments

To Whom It May Concern:

I oppose the sharp increase in water fees in Welches, Oregon. Please reconsider these increases particularly in light of recent water quality issues.

Thank you for your consideration.

Regards,

Rachel Smith

Peter Himes Comments

In your latest statement you say Salmon Valley Water District (NW Water) has requested a 98% increase because of increased Operational Costs ?? They have done nothing, other than install non-read meters since NW Water has taken over. Non-read meters should reduce operational costs?? We need facts on what their operational costs are, oh that's right Salmon Valley Water District (NW Natural's Corporate Attorney) blocked access to that information. We the customers of Salmon Valley Water District don't want to fund NW Naturals plan of acquiring small water companies to pad their bottom line.

Regards,

Peter Himes
Welches, OR

Sent from my iPhone

Marie Lauterbach Comments

They want to raise their rates

I want, the customers should have :

1. Clean and safe water.
2. Communication timely and informative and transparent
3. Testing to make sure the water is safe .
- 4 . Current water reports online or in the mail.
5. An a ability to keep a Current website.
6. Emergency or issues with an a timely contact

No more nasty dirty water where we are afraid we are at risk for health issues and damages done to our fixtures that cost us money , aggravation and time . Or poor communication when there is a neighbor that calls in reporting leaking water from a meter and it takes over a month before the customer finds out because
" you forgot " .

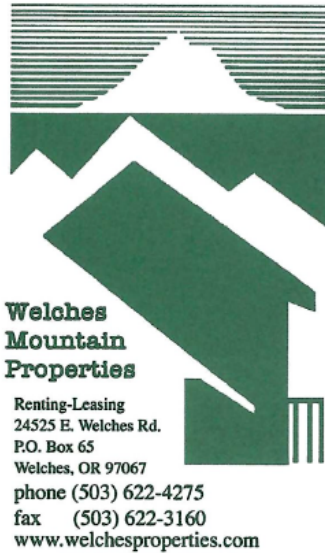
You treat your customers poorly.

With a name now as NORTHWEST NATURAL GAS do better .

Worst Water company I've ever had in 4 states and many homes .

Marie Lauterbach

David Thurman Comments



Commercial-Residential-Apartments

April 24, 2023

Oregon Public Utility Commission
PO Box 1088
Salem, OR 97308-1088

Sent Electronically: PUC.PublicComments@puc.oregon.gov

Dear Public Utility Commission of Oregon,

We are writing to provide comment and testimony regarding the latest rate increase request for Salmon Valley Water Company (Salmon Valley). Specifically, we are requesting that the Public Utility Commission of Oregon (PUC) limit the rate increases and consider requiring Salmon Valley to provide rate increase on an incremental basis to allow for budgetary adoption by area customers and patrons.

Upon review of the Salmon Valley – General Rate Revision Filing our two main concerns are with the rate increase amount and timing of costs being passed onto the consumer. With the understanding that the PUC will be completing their own internal review of costs and rate increases relative to the standard of practice and state averages, per PUC internal records, we completed our own high-level assessment from publicly available data as follows:

- 1) Rate increase of nearly 250% are exorbitant.

| Date | Base Rate | \$/CCF | Avg. Monthly Bill | % Increase |
|-------------------------------|-----------|---------|-------------------|------------|
| Prior to 8/1/2022 | \$ 24.78 | \$ 1.30 | \$ 31.73 | n/a |
| 8/1/2022 | \$ 31.10 | \$ 1.65 | \$ 39.92 | 25.8% |
| 8/1/2023 | \$ 55.98 | \$ 4.24 | \$ 78.63 | 97.0% |
| Cumulative Increase in 1 year | | | | 247.8% |

- 2) The average proposed Salmon Valley consumer cost is nearly 75% greater than 2021 State Average Municipal water bill at \$44.17 as compared with Salmon Valley at \$77.16 (assuming a 5 CCF usage). <https://www.orcities.org/application/files/9116/3976/8125/2021WaterRatesSurveyReport12-17-21.pdf>
- 3) Oregon has the 3rd highest monthly water billing (\$76) in the country based upon an average of the 3 largest municipalities in each state and

10 CCF usage. Comparing this to Salmon Valley's proposed rate increase at 10 CCF monthly usage would equate to \$98.33 which is nearly 30% greater than the largest municipalities average cost; which, is already nearly highest water rate in the country. Based upon these statistics: <https://wisevoter.com/state-rankings/water-prices-by-state/>

- 4) Without further data on private water utility industry standard rate of returns, a Salmon Valley 10.5% return (excluding the fictitious capital structure 45% debt at 5.5% rate) at first glance appears high in light of the water system being an essential monopoly.

The delayed maintenance by Salmon Valley resulting in required significant system improvements should not be immediate financial responsibility of the consumer. Again, we request that a limited and reasonable rate adjustment be approved and administered in an incremental schedule. Otherwise, the impacts of such a sharp 250% increase in water utility rates, above the state averages, will have unknown impacts to the residents and the local economy.

Thank you,



David Thurman, PE

(on behalf of)

Bob and Margaret Thurman
Welches Mountain Properties
(503)-622-4275

info@welchesproperties.com

Carol and George Perry Comments

RECEIVED
APR 19 2023
P.U.C.

April 15, 2023

PUBLIC UTILITY COMMISSION OF OREGON
ADMINISTRATIVE HEARINGS DIVISION
PO BOX1088
SALEM OR 97308-1088

We, Carol Janice Perry and George Ross Perry, reside at the address of 67401 E. Jennie Welch Ct., Welches OR 97067 and are in receipt of a letter dated March 3, 2023 from the above requesting a residential water rate increase of nearly 100%.

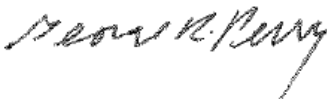
We find this to be an exorbitant one time increase and are requesting a reconsideration of this request.

Sincerely,

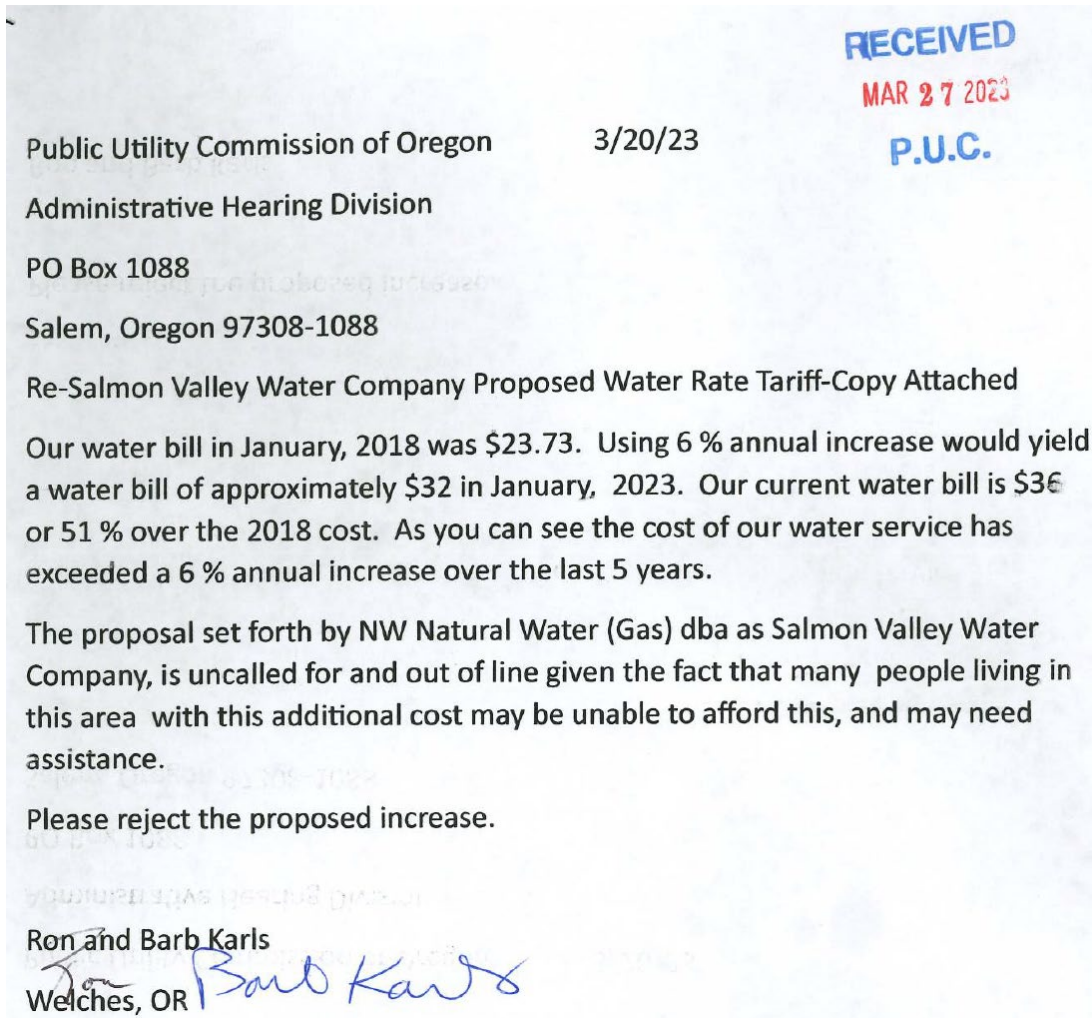
Carol J. Perry



George R. Perry



Ron and Barb Karls Comments



Carla Allen – Telephone Comments Transcribed by PUC Consumer Services

“I object to this increase and feel it’s not fair. I don’t understand why or how the company is legally able to double the cost of our water. I don’t even use the minimum amount, but still have to pay double.”