



AVION WATER CO INC.

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June 13, 2022

Advice Letter No. 22-02

Filing Center  
Oregon Public Utility Commission  
201 High St SE  
Salem, OR 97301

RE: Revised Schedule 16, TCJA Impact

Avion Water Company submitted Advice 22-02 (Schedule 16) to the Public Utility Commission on 6/13/2022. The purpose of this filing is to comply with the conditions of PUC Order 20-488.

Changes in tax law since the previous version of this schedule was filed have been incorporated into the revised sheet.

Please direct any questions or notifications of action taken on this filing to Adam Jackson at (541) 382-5342 or [adam@avionwater.com](mailto:adam@avionwater.com).

Sincerely,

/s/

Adam Jackson  
Avion Water Company, Inc.

**SCHEDULE NO. 16**

**TAX CUTS AND JOBS ACT IMPACT**

Schedule No. 16 is a compliance filing to address continuing amortization of UM 1936 deferral in accordance with PUC ORDER NO. 20-488. A replacement filing with updated amounts to be credited is expected to be submitted prior to June 15, 2023.

**PURPOSE:** To define procedures for amortization of continuing UM1936 Deferral.

**APPLICABLE:** This filing applies the Utility’s Residential and Commercial customers.

The Tax Cuts and Jobs Act (TCJA), among other things, reduced corporate income tax rates from 34% to 21% and removed the tax exemption for Contributions In Aid of Construction (CIAC) received by water utilities. The UM 1936 deferral includes: a) Annual tax benefit, b) Excess Deferred Income Taxes (EDIT), and c) CIAC tax benefits. The portion of TCJA that made CIAC contributions taxable income was removed by the Bipartisan Infrastructure Bill, effective 1/1/2021.

The version of this Schedule 16 which was in effect for 2021 addressed all of the components of UM 1936 amortization. Since the Annual tax benefit and EDIT portion of the UM 1936 has now been completely amortized, Schedule 16 has been revised to include only the ongoing CIAC tax benefit. Pursuant to the stipulated agreement for UM 1936 and UW 181, and approved by Order No. 20-488, the amounts listed below will be credited to customers with active accounts during the refund period in the form of a bill credit in two installments on their August and September bills.

**AMOUNT TO BE CREDITED**

Year	CIAC Tax Benefit	CIAC Tax Benefit Interest	Total
Post-2020	\$53,317.62	\$627.38	\$53,945.00
<b>Total</b>	\$53,317.62	\$627.38	<b>\$53,945.00</b>
<b>Monthly Rebate (Total/2)</b>			<b>\$26,972.50</b>

The actual credit per account will be determined after the final customer count is completed at the time of the first billing cycle of the month. The formula for calculating the credit amount per month per customer is: \$26,972.50/(customer count). The rebate will be applied to the August and September bills. For example, if there were 15,000 active customers at the time the customer count is determined, the formula would be:

$$Credit = \frac{\$26,972.50}{15,000} = \$1.80 \text{ per customer per month for August and September}$$

Issue Date	July 15, 2022	Effective for Service on or after	August 1, 2022
Issued By	AVION WATER COMPANY, INC.		