



Oregon

Tina Kotek, Governor

Public Utility Commission

201 High St SE Suite 100

Salem, OR 97301-3398

Mailing Address: PO Box 1088

Salem, OR 97308-1088

503-373-7394

March 7, 2023



BY EMAIL

Avion Water Company

adam@avionwater.com

RE: Advice No. 23-01

At the public meeting on March 7, 2023, the Commission adopted Staff's recommendation in this matter docketed as ADV 1486. The Staff Report and a receipted copy of the sheets in your advice filing are attached.

Nolan Moser

Chief Administrative Law Judge

Public Utility Commission of Oregon

(503) 378-3098

**PUBLIC UTILITY COMMISSION OF OREGON
STAFF REPORT
PUBLIC MEETING DATE: March 7, 2023**

REGULAR **CONSENT** **EFFECTIVE DATE** March 8, 2023

DATE: February 17, 2023

TO: Public Utility Commission

FROM: Scott Shearer

THROUGH: Bryan Conway and Marc Hellman **SIGNED**

SUBJECT: AVION WATER COMPANY:
(Docket No. ADV 1486/Advice No. 23-01)
Requests Approval of New Tariff Schedule 18, Arrowhead & Somerset
Irrigation Replacement Tariff.

STAFF RECOMMENDATION:

Staff recommends that the Public Utility Commission of Oregon (Commission) allow Avion Water Company's (Avion or Company) proposed Schedule No. 18 to become effective for service rendered on and after March 8, 2023.

DISCUSSION:

Issue

Whether the Commission should allow Avion's filed tariff sheets to become effective.

Applicable Rule or Law

Under ORS 757.205(1)-(2), a rate-regulated water utility must file schedules showing all rates, tolls, and charges for any service performed by it within the state and all rules and regulations that in any manner affect its rates.

Pursuant to ORS 757.210, the Commission may approve tariff changes if they are deemed to be fair, just, and reasonable. Tariff revisions may be made by filing revised sheets with the information required under the Commission's administrative rules, including OAR 860-036-2010.

Pursuant to ORS 757.220, filings that propose any change in rates, tolls, charges, rules, or regulations must be filed with the Commission at least 30 days before the effective date of the change.

Analysis

Background

Avion is a rate and service-regulated water utility serving approximately 15,000 customers in the vicinity of Bend, Oregon. With this filing, Avion proposes to introduce Schedule No. 18 into its tariff to establish an Arrowhead & Sommerset Irrigation Replacement program. The filing was submitted on January 26, 2023, with a proposed effective date of March 8, 2023.

Several subdivisions within Avion's territory are served by dual-pipe systems in which irrigation water and potable domestic water are delivered separately. Based on Avion's response to Staff's Information Requests 1 and 2, there are approximately 94 customers who would be subject to this tariff, receiving pressurized surface irrigation water through a dual-pipe system, with an expected annual irrigation usage of approximately 80 million gallons for all customers affected.¹ Pursuant to Schedule No. 2 of Avion's tariff, the irrigation water for these customers is supplied by several irrigation districts, including Arnold Irrigation District, Swalley Irrigation District, and Central Oregon Irrigation District, in accordance with water rights owned by each end user. Avion collects payment for irrigation water from these customers, which is ultimately passed through to the applicable irrigation districts. Under normal conditions, irrigation water is provided throughout the irrigation season, which extends from April through October. Avion states that its Schedule No. 2 irrigation customers generally "use the water for both home landscape watering and watering of small hobby farms and hayfields."² Because customers will continue to be charged under Schedule No. 2, there are no expected rate impacts, and will simply make available to these specific customers, additional watering resources.

Due to factors such as the extreme drought conditions impacting Central Oregon, the irrigation districts that supply water to Avion's dual-pipe irrigation customers have significantly reduced surface water deliveries in recent years. In 2022, the Governor declared Deschutes County as an emergency drought condition for the third year in a row and neighboring Crook and Jefferson Counties have already requested a drought emergency declaration from the Governor for 2023.³ While the extent to which water districts may need to reduce irrigation water deliveries in 2023 and future years is

¹ See Avion's Response to Staff's Information Request Avion ADV 1486, DR Answers 1-2.

² See ADV 1398, Staff's memo to the Commission, page 2.

³ See https://apps.wrd.state.or.us/apps/wr/wr_drought/declaration_status_report.aspx.

currently unknown, it is highly likely that drought conditions, reducing the amount of water available through the districts to Avion's system, will continue.

While not unheard of in the Central Oregon area, the presence of a separate dual-pipe system for irrigation deliveries is not typical for water systems in Oregon. Typically, customers receive only potable domestic water, which can also be used for purposes such as lawn watering and landscape irrigation at the homeowner's discretion. The majority of Avion's customers do not have access to a separate irrigation delivery system and, in those areas, the domestic system consists of larger diameter pipe to adequately supply water for typical domestic uses, which may include outdoor watering for lawns and other home landscaping purposes.

Because irrigation water in dual-pipe areas was anticipated to be provided separately, the potable domestic water in those areas is supplied by smaller diameter pipe. Consequently, the domestic portion of the dual-pipe system is not sized sufficiently to simultaneously supply water for existing household uses as well as additional irrigation-related uses. In the event that irrigation water provided through the dual-pipe system becomes unavailable, customers may seek to supplement that water using their metered domestic line, which could reduce domestic water pressure below adequate levels in dual-pipe areas.

With the present filing, Avion proposes to implement the Arrowhead & Sommerset Irrigation Replacement Tariff program to provide a means of outdoor watering for former Arnold Irrigation District surface irrigation customers that manages demand to avoid negatively impacting the Greater Avion system. Customers will continue to be served via the irrigation lines, with the source water now coming from Avion's domestic water system, instead of the irrigation district's canals.

Staff notes that this is an extension of Avion's Schedule 17, Pressurized Irrigation Supplementation Test Tariff, and a step towards making Schedule 17 permanent for specific areas of Avion's system. This current tariff is only for the Arrowhead and Sommerset areas of the system, as Avion is readily able to interconnect these neighborhoods into its domestic system. Other areas that are similarly served, via irrigation districts, may or may not be able to be connected into Avion's domestic system in the future. Avion will continue to study the cost effectiveness, water rights allocation, water capacity, and interconnection feasibility of serving these other areas, as time and resources permit.

Customers will continue to pay for irrigation services pursuant to Schedule No. 2 of Avion's tariff.

The Company has reviewed a draft of this memo and has not noted any concerns.

Conclusion

Staff finds that Avion's Arrowhead & Somerset Irrigation Replacement Tariff represents a reasonable response to the ongoing reduction in irrigation water supplied by the irrigation districts serving Avion and its customers. The tariff is not anticipated to harm customers and could help to proactively protect the domestic system in dual-pipe areas. The filing complies with applicable statutes and Commission rules and should be approved.

PROPOSED COMMISSION MOTION:

Allow Avion's proposed Schedule 18 to become effective for service rendered on and after March 8, 2023.

SCHEDULE NO. 18

ARROWHEAD & SOMMERSET IRRIGATION REPLACEMENT TARIFF

As ongoing drought in Central Oregon continues to diminish surface water supplies, surface irrigation suppliers are forced to make changes to their traditional arrangements with patrons (including piping, elimination of wasteful canal sections, and exclusion of patrons that cannot be served efficiently and equitably in a drought environment). Schedule No. 18 exists to support a transfer of a small group of Arnold Irrigation District (AID) customers who cannot be served efficiently and equitably by AID away from surface irrigation.

PURPOSE: To provide a means of outdoor watering for former AID surface irrigation customers that manages demand to avoid negatively impacting the Greater Avion system.

APPLICABLE: To former AID customers in the Arrowhead and Sommerset subdivisions who were served by the Brandon lateral canal as listed in Exhibit A.

The applicable subdivisions within the Greater Avion system have dual pipe systems. These systems use one set of pipes to deliver domestic drinking water and another set of pipes to deliver pressurized surface irrigation water for outdoor watering purposes. The diameter of the domestic mainlines in these dual pipe systems was based upon the assumption that surface water deliveries would be available, and these systems are therefore unable to provide adequate pressure if the domestic system were forced to make up for a lack of surface water. Due to a number of factors including extreme drought, surface water deliveries have been substantially reduced over the past several years. This trend is expected to continue for the foreseeable future.

The intent of this tariff is to:

- Maintain current level of domestic service.
- Allow former AID customers to maintain their properties, including livestock watering, field irrigation, and landscape watering.
- Provide a fair and reasonable rate to the former AID patrons that that does not unfairly burden Avion domestic customers.

RATES: Customers will be billed monthly according to the same rate structure they would have been billed under Schedule 2 of this tariff. The irrigation assessment portion of the Schedule 2 charges will be billed at the same rate AID charges its surface irrigation customers for an equivalent amount of irrigated acreage. Avion will update these rates annually when AID releases their new rates.

Issue Date	January 26, 2023	Effective for Service on or after	March 8, 2023
Issued By	AVION WATER COMPANY, INC.		

Received
Filing Center
JAN 26 2023

CONTINUOUS SERVICE: As with Schedule 2, irrigation service under this tariff is based upon a continuous billing, even during the months when water is not available. Irrigation service under this Schedule 18 may not be discontinued and then reconnected by the same party. If both domestic and irrigation service to a parcel has been terminated (due to a change in ownership, change in tenant, etc.) the irrigation service must be restored concurrently with the domestic service to maintain eligibility under this tariff.

DELIVERY: Delivery will be made at the flow rate to which the customer would have been provided by AID based upon their water right, with acres of irrigation converted to gallons per minute per the AID conversion of 5.5 gpm per acre. Time(s) of delivery will be adjusted by Avion as necessary to minimize impacts to domestic customers while delivering as much water as possible with existing facilities to the applicable customers of this tariff. In any short-term event that negatively effects Avion's ability to supply domestic water, delivery of irrigation water supplied under this tariff is expected to be terminated until normal domestic service is restored.

MEASUREMENT: The flow of irrigation water is controlled by use an orifice style flow control. The flow control is sized to deliver an appropriate rate of water that correlates to the customer's irrigation right. Tampering with the flow control is prohibited. Discovery of a damaged or altered flow control device will result in termination of the customers eligibility under this tariff and removal of Avion facilities providing irrigation water.

TERMINATION: If the property owner of an eligible property elects to discontinue service provided under this tariff, or the account is involuntarily disconnected for any reason (i.e. inadequate customer facilities, non-payment, tampering, etc.), that property will no longer be eligible for service under this tariff and the Avion facilities providing irrigation water will be removed. Eligibility will not be terminated where a tenant has been involuntarily disconnected and the owner of the parcel re-establishes service within 30 days.

Issue Date	January 26, 2023	Effective for Service on or after	March 8, 2023
Issued By	AVION WATER COMPANY, INC.		

Received
Filing Center
JAN 26 2023

EXHIBIT A

Map and Tax Lot	Street Address	Map and Tax Lot	Street Address
181201C000800	21620 OBSIDIAN AVE	181201D000300	21886 RASTOVICH RD
181201C005100	21625 OBSIDIAN AVE	181201D000400	61638 SOMERSET DR
181201C005000	NO STREET ADDRESS ASSIGNED	181201D000500	61670 SOMERSET DR
181201C004900	21655 OBSIDIAN AVE	181201D000600	61698 SOMERSET DR
181201C004800	21675 OBSIDIAN AVE	181201D000800	61726 SOMERSET DR
181201C004700	21679 OBSIDIAN AVE	181201D000900	21887 OBSIDIAN AVE
181201C004600	21685 OBSIDIAN AVE	181201D001300	21856 OBSIDIAN AVE
181201C000900	21640 OBSIDIAN AVE	181201D001200	61784 SOMERSET DR
181201C001000	21660 OBSIDIAN AVE	181201D001100	21874 OBSIDIAN AVE
181201C001200	61751 ARROW AVE	181201D001700	61747 SOMERSET DR
181201C001300	61761 ARROW AVE	181201D001600	61777 SOMERSET DR
181201C001400	61771 ARROW AVE	181201D001500	61785 SOMERSET DR
181201C001500	61781 ARROW AVE	181201A001500	61800 SOMERSET DR
181201C001600	61780 ARROW AVE	181201A001600	21873 RINCON AVE
181201C001700	61770 ARROW AVE	181201A001700	21889 RINCON AVE
181201C001800	61760 ARROW AVE	181201A001800	21886 RINCON AVE
181201C001900	61740 ARROW AVE	181201A002300	61872 SOMERSET DR
181201C002000	61739 TOMAHAWK ST	181201A002200	61866 SOMERSET DR
181201C002100	61755 TOMAHAWK ST	181201A002100	61858 SOMERSET DR
181201C002200	61765 TOMAHAWK ST	181201A002000	61828 SOMERSET DR
181201C002300	61775 TOMAHAWK ST	181201D001400	61807 SOMERSET DR
181201C002400	61774 TOMAHAWK ST	181201A001400	61825 SOMERSET DR
181201C002500	61760 TOMAHAWK ST	181201A001300	61849 SOMERSET DR
181201C002600	21714 OBSIDIAN AVE	181201A001100	61865 SOMERSET DR
181201C002700	21740 OBSIDIAN AVE	181201A001000	61867 SOMERSET DR
181201C002800	21758 OBSIDIAN AVE	181201A000900	61877 SOMERSET DR
181201C002900	61747 WICKIUP RD	181201A000800	61885 SOMERSET DR
181201C003000	61767 WICKIUP RD	1813060001101	21920 OBSIDIAN AVE
181201C003100	61773 WICKIUP RD	1813060001102	NO STREET ADDRESS ASSIGNED
181201C003200	61787 WICKIUP RD	181201C000700	21635 HURST LN
181201C003300	61801 WICKIUP RD	181201C000500	21655 HURST LN
181201C003400	61803 WICKIUP RD	181201C005200	61670 WARD RD
181201C003500	61806 WICKIUP RD	181201C006100	61660 WARD RD
181201C003600	61794 WICKIUP RD	181201C005300	61650 WARD RD
181201C003700	61774 WICKIUP RD	181201C005400	61640 WARD RD
181201C003800	61754 WICKIUP RD	181201C005500	61600 WARD RD
181201C003900	21780 OBSIDIAN AVE	181201C005700	61580 WARD RD
181201C004000	21789 OBSIDIAN AVE	181201C006300	61538 WARD RD
181201C004100	21771 OBSIDIAN AVE	181201C000600	21645 HURST LN
181201C004200	21755 OBSIDIAN AVE	181201C006200	61542 WARD RD
181201C004300	21739 OBSIDIAN AVE	181201C006400	61534 WARD RD
181201C004400	21725 OBSIDIAN AVE	181201C006500	61530 WARD RD
181201C004500	21709 OBSIDIAN AVE	181201A000201	61890 SOMERSET DR
181201D002301	61615 SOMERSET DR	181201D000100	21900 OBSIDIAN AVE
181201D002300	61633 SOMERSET DR	181201D000101	21897 OBSIDIAN AVE
181201D002100	61667 SOMERSET DR		
181201D002000	61691 SOMERSET DR		
181201D001900	21825 OBSIDIAN AVE		

Issue Date	January 26, 2023	Effective for Service on or after	March 8, 2023
Issued By	AVION WATER COMPANY, INC.		

Received
 Filing Center
 JAN 26 2023

SCHEDULE NO. 19

RESERVED FOR FUTURE USE

Issue Date	January 26, 2023	Effective for Service on or after	March 8, 2023
Issued By	AVION WATER COMPANY, INC.		

Received
Filing Center
JAN 26 2023