



AVION WATER CO INC.

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June 14, 2021

Advice Letter No. 21-02

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

RE: New Schedule 16, TCJA Impact

Avion Water Company submitted Advice 21-02 (Schedule 16) to the Public Utility Commission on 6/14/2021. The purpose of this filing is to comply with the conditions of PUC Order 20-488.

In addition to the new schedule, the Table of Contents sheet has been updated and Sheet 25 (the "Reserved for Future Use" section) has been edited to account for the modification to Sheet 24.

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

Sincerely,

/s/

Adam Jackson
Avion Water Company, Inc.

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Issue Date	July 15, 2021	Effective for Service on or after	August 1, 2021
Issued By	AVION WATER COMPANY, INC.		

SCHEDULE NO. 16

TAX CUTS AND JOBS ACT IMPACT

Schedule No. 16 is a single year applicable compliance filing to address Amortization of UM 1936 deferral in accordance with PUC ORDER NO. 20-488. A replacement filing is expected to be submitted prior to June 15th, 2022.

PURPOSE: To define procedures for amortization of 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. Note that within various documentation related to UM 1936 and hereafter within Schedule 16, the annual tax benefit and the EDIT are combined together and may be referred to as the Tax Act Rate Credit (TARC). 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 2021 and September 2021 bills.

AMOUNT TO BE CREDITED

Year	TARC	CIAC Tax Benefit	CIAC Tax Benefit Interest	Total
2018	\$289,314.00	\$15,997.60	\$642.72	\$305,954.32
2019	\$0.00	\$32,725.09	\$733.11	\$33,458.20
2020	\$0.00	\$31,622.54	\$0.00	\$31,622.54
Total	\$289,314.00	\$80,345.23	\$1,375.83	\$371,035.06
Monthly Rebate (Total/2)				\$185,517.53

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: \$185,517.53/(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:

$$Credit = \frac{\$185,517.53}{15,000} = \$12.37 \text{ per customer per month for August and September}$$

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SCHEDULE NO. 17

RESERVED FOR FUTURE USE

Issue Date	July 15, 2021	Effective for Service on or after	August 1, 2021
Issued By	AVION WATER COMPANY, INC.		