

ORDER NO. 02-817

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**BEFORE THE PUBLIC UTILITY COMMISSION**

**OF OREGON**

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In the Matter of	)	
	)	ORDER
AVION WATER COMPANY	)	
	)	
Application for Approval of a Water	)	
Service Agreement between Avion Water	)	
Company, Inc. and High Desert	)	
Development Partners, LLC	)	

**DISPOSITION: AMENDMENT APPROVED**

On October 8, 1996, the Public Utility Commission (Commission) approved a special contract between Avion Water Company (Avion) and future developers (developer's agreement). The general agreement states that future developers will pay Avion in advance to cover the cost of initial construction of infrastructure required to serve any new development, and Avion would refund the advance over a period of 10 years. On September 27, 2000, Avion filed a special contract in Advice No. 00-1 for service to a proposed development (special contract) to be constructed by High Desert Development Partners, LLC (High Desert), and requested two separate line share fees to be charged customers. It was approved by Commission Order No. 01-136, with a \$1,000 line charge per residential equivalent.

On October 15, 2002, Avion filed an amendment with the Commission to a water service agreement between Avion and High Desert. The amendment is to increase the line share fee from \$1000 to \$2500 per residential equivalent inside and outside of the development. Avion is requesting to increase the line share fee due to new estimated costs of the project. The current estimated cost is \$4 million and equates to approximately \$5,700 per residential equivalent.

Based upon a review of the amendment and the Commission's records, the Commission finds that the amendment satisfies applicable statutes and administrative rules. At its public meeting on November 5, 2002, the Commission adopted Staff's recommendation to approve the amendment. Staff's recommendation is attached as Appendix A and is incorporated by reference.

**ORDER**

IT IS ORDERED that:

1. The amendment to the water service agreement with High Desert Development Partners, LLC is approved.
2. Avion Water Company will provide the Public Utility Commission of Oregon with a signed amendment to the water service agreement.

Made, entered, and effective \_\_\_\_\_.

BY THE COMMISSION:

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**Becky L. Beier**  
Commission Secretary

A party may request rehearing or reconsideration of this order pursuant to ORS 756.561. A party may appeal this order to a court pursuant to ORS 756.580.



service connecting and appurtenance inside the development (no estimate was given). High Desert would then contribute the plant to Avion. The plant would be recorded on Avion's accounting books for regulatory purposes as Contributions in Aid of Construction (CIAC).

Also in the September 2000 filing, Avion requested two separate line share fees to be charged customers. Avion requested to collect and rebate to High Desert line share charges \$1,000 per residential equivalent inside the development and \$2,500 per residential equivalent outside the development. Staff recommended not approving the different line share charges stating "

"...staff maintains, and Avion agrees, that the larger diameter pipe is necessary to serve the buildings inside the development. Therefore, there is no basis for charging a higher line share fee to customers outside the development. Staff has discussed this issue with Avion and recommends that buildings inside and outside the development be charged the same line share fee per residential equivalent."

Since the amended special contract, filed in September 2000, would benefit existing customers by completing loops in Avion's pipeline, which will provide customers with safer and more reliable service, and potentially not result in higher rates (plant would not be included in rate base), it was approved by the Commission in Order No. 01-136, with a \$1,000 line charge per residential equivalent .

In the present filing, Avion is requesting to increase the line share fee due to new estimated costs of the project. As stated previously, the cost to bring the mainline to the development was \$2.65 million. The total estimated cost currently is \$4 million, which includes pipe to the development as well as construction and material within the development. The current estimated cost of \$4 million equates to approximately \$5,700 per residential equivalent.

Staff finds the increase in cost for the line share charge of \$2,500 reasonable.

**PROPOSED COMMISSION MOTION:**

Avion's Advice No. 02-10, amendment to the water service agreement with High Desert Development Partners, LLC, be approved.

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