

Rates

The stipulation assigns 39.5 percent of the proposed revenue requirement to the variable (usage) rate and 60.5 percent to the base rate. This split approximates Staff's target 40/60 split between the variable and fixed rates and is consistent with recent orders of the Commission.

The stipulation will result in no change in the variable rate of 80 cents per 100 cubic feet. It will increase the base rate for a 5/8-inch line from \$18.90 to \$19.98.

Imputed Revenue Treatment

The stipulation approves the continuation of the Company's requested revenue imputation treatment of the amortization of the CIAC and the deferral of revenue associated with the capital project approved in UW 70. The Company agrees to state the amount of actual CIAC amortization in its annual financial report to the Commission.

Rate Filings

The stipulation requires the Company to file triennial or more frequent rate cases.

DISPOSITION

The Commission has examined the stipulation and attachments and the entire record in this case. The Commission concludes that the stipulation is an appropriate resolution of all issues and that the rates established therein are just and reasonable. The Commission adopts the stipulation and all attachments.

CONCLUSIONS

1. The adjustments stipulated to by Staff and the Company as shown in the attached stipulation are reasonable and should be adopted. Avion should be allowed to file revised rate schedules consistent with those adjustments.
2. The rates set out in the stipulation are reasonable and proper.

ORDER

IT IS ORDERED that:

1. The rate schedules proposed by Avion Water Company are permanently suspended.
2. The stipulation, Appendix A to this order, is adopted.
3. The rates set out in the stipulation are effective on December 31, 2001.

Made, entered, and effective _____.

Roy Hemmingway
Chairman

Lee Beyer
Commissioner

Joan H. Smith
Commissioner

A party may request rehearing or reconsideration of this order pursuant to ORS 756.561. A request for rehearing or reconsideration must be filed with the Commission within 60 days of the date of service of this order. The request must comply with the requirements in OAR 860-014-0095. A copy of any such request must also be served on each party to the proceeding as provided by OAR 860-013-0070(2). A party may appeal this order to a court pursuant to applicable law.