



Oregon

John A. Kitzhaber, MD. Governor

Public Utility Commission

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December 24, 2013

Via Electronic Filing

OREGON PUBLIC UTILITY COMMISSION
ATTENTION: FILING CENTER
PO BOX 1088
SALEM OR 97308-1088

**RE: Docket No. UW 154 – In the Matter of
AVION WATER COMPANY, INC., Request for a General Rate
Revision.**

Enclosed for electronic filing in the above-captioned docket is the
Stipulation between Public Utility Commission and Avion Water Company.

/s/ Kay Barnes

Kay Barnes

Filing on Behalf of Public Utility Commission Staff

(503) 378-5763

Email: kay.barnes@state.or.us

c: UW 154 Service List (parties)

**PUBLIC UTILITY COMMISSION
OF OREGON**

UW 154

STIPULATION

**Entered into between
Public Utility Commission Staff,
And
Avion Water Company, Inc.**

**In the Matter of
AVION WATER COMPANY, INC.,
Request for a General Rate Revision.**

December 24, 2013

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BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON
UW 154

In the Matter of)
Avion Water Company, Inc.)
Application for General) STIPULATION
Rate Increase)
)

Avion Water Company, Inc. (Avion), appearing by and through its President, Jason Wick; the Public Utility Commission of Oregon Staff (Staff) appearing by and through its attorney, Jason W. Jones, Assistant Attorney General, hereafter referred to as the Parties enter into this Stipulation in resolution of all issues between them.

1.

The Parties support entering into evidence, without requiring any Party to lay a foundation for its admission, this Stipulation and Staff’s written testimony and exhibits marked as Staff/100, Brock/1-11 and Staff 101, Brock/1-14.

2.

The Parties agree to support and recommend the Commission adopt a 7.1 percent increase over test year revenues. The increase results in a total revenue requirement of \$7,569,815, an increase of \$499,677 above test year revenues, and a net operating income of \$1,084,620. Additionally, the Parties agree that, given the revenue requirement, rate base, and expenses, the Company will have a

1 reasonable opportunity to earn a 6.93 percent rate of return on total rate base of
2 \$15,659,807. The stipulated revenue requirement is included as Attachment A to
3 this Stipulation. Rates stipulated by the parties are contained in Attachment B.

4 3.

5 The Stipulating Parties agree that the Company may charge Residential
6 and Commercial Metered rates according to Schedule No. 1 as set forth in the tariff
7 sheet designated PUC Oregon No. 5, Original Sheet No. 3.

8 4.

9 The Stipulating Parties agree that Avion may charge Irrigation Delivery rates
10 according to Schedule No. 2 as set forth in the tariff sheet designated PUC Oregon
11 No. 5, Original Sheet No. 4.

12 5.

13 The Stipulating Parties agree that Avion may charge Miscellaneous Services
14 Charges according to Schedule No. 3 as set forth in the tariff sheet designated PUC
15 Oregon No. 5, Original Sheets Nos. 5 and 6.

16 6.

17 The Stipulating Parties agree that Avion may charge Fire Service rates
18 according to Schedule No. 4 as set forth in the tariff sheet designated PUC Oregon
19 No. 5, Original Sheet No. 7.

20 7.

21 The Stipulating Parties agree that the Company may charge Commercial
22 Water Haulers rates according to Schedule No. 5 as set forth in the tariff sheet
23 designated PUC Oregon No. 5, Original Sheet No. 8.

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8.

The Stipulating Parties agree to vacate tariff “Sales to Public Authorities”, Schedule No. 13, as set forth in the tariff sheet PUC Oregon No. 5, Original Sheet No. 20 and reserve Schedule 13 for future use. Tariff sheet PUC Oregon No. 5, Schedule No. 8, Original Sheet No. 11 remains reserved for future use.

9.

The Stipulating Parties agree that no changes were made to the following Schedules as set forth in the tariff sheets designated PUC Oregon No. 5:

- Schedule 6, Original Sheet No. 9;
- Schedule 7, Original Sheet No. 10;
- Schedule 9, Original Sheets Nos. 12 and 13;
- Schedule 10, Original Sheets Nos. 14 and 15;
- Schedule 11, Original Sheet No. 16;
- Schedule 12, Original Sheets Nos. 17 through 19.

10.

The Parties agree to and support the stipulated rates, fees, rules and regulations contained in Attachment B, Avion’s tariff sheets designated as PUC Oregon No. 5, Original Sheets Nos. 1 through 38.

11.

By entering into this Stipulation, no Party shall be deemed to have approved, accepted, or consented to the facts, principles, methods, or theories employed by any other Party in arriving to this Stipulation.

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The Parties have negotiated this agreement in good faith and recommend that the Commission adopt this Stipulation in its entirety. The Parties have negotiated this Stipulation as an integrated document. Accordingly, if the Commission rejects all or any material portion of this Stipulation, each Party reserves the right, upon written notice to the Commission and all Parties to this proceeding within 15 days of the date of the Commission's order, to withdraw from the Stipulation and request an opportunity for the presentation of additional evidence and argument.

13.

1
2 The Parties understand that this Stipulation is not binding on the
3 Commission in ruling on this application and does not foreclose the Commission
4 from addressing other issues.

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7 DATED this 14th day of December, 2013.

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10 Respectfully submitted,
11 Ellen F. Rosenblum
12 Attorney General

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16 Jason W. Jones, # 00059
17 Assistant Attorney General
18 Attorney for PUC Staff

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13.

The Parties understand that this Stipulation is not binding on the Commission in ruling on this application and does not foreclose the Commission from addressing other issues.

DATED this 23rd day of December, 2013.

A handwritten signature in black ink, appearing to read "Jason Wick", is written over a horizontal line.

Jason Wick
President
Avion Water Company, Inc.

Acct. No.		A	B	C	D	E	F	G
		Balance Per Application Test Year: 2012	Proposed Company Adjustments	Adjusted Results (A+B=C)	Proposed Staff Adjustments	Adjusted Results (A+D=E)	Staff Proposed Rev Changes	Proposed Results (E+F=G)
REVENUES								
461.1	Residential Water Sales	5,586,435	427,298	6,013,733	0	5,586,435	422,264	6,008,699
461.2	Commercial Water Sales	676,915	47,840	724,755	0	676,915	51,166	728,081
462	Public Fire Protection	27,171	1,920	29,091	0	27,171	2,054	29,225
465	Irrigation -	312,613	22,094	334,707	0	312,613	23,630	336,243
466	Sales for Resale	7,431	525	7,956	0	7,431	562	7,993
468	Misc. Revenues	213,096		213,096		213,096		213,096
	Cross Connection Control Revenue	237,378		237,378		237,378	0	237,378
	Special Contracts	9,100		9,100		9,100	0	9,100
	TOTAL REVENUE	7,070,139	499,677	7,569,816	0	7,070,139	499,677	7,569,815
OPERATING EXPENSES								
601	Salaries and Wages - Employees	1,283,112	138,262	1,421,374	138,854	1,421,966		1,421,966
603	Salaries and Wages - Officers	451,096	13,533	464,629	(24,740)	426,356		426,356
604	Employee Pension & Benefits	694,799	89,200	783,999	19,039	713,838		713,838
610	Purchased Water	177,613	5,328	182,941	(46)	177,567		177,567
611	Telephone/Communications	28,352	851	29,203	0	28,352		28,352
615	Purchased Power	706,594	21,198	727,792	0	706,594		706,594
617	Other Utilities	4,319	130	4,449	0	4,319		4,319
619	Office Supplies	4,690	141	4,831	0	4,690		4,690
619.1	Postage	4,301	129	4,430	0	4,301		4,301
620	O&M Materials/Supplies	168,024	5,041	173,065	(1,288)	166,736		166,736
621	Repairs to Water Plant	124,364	3,731	128,095	(6)	124,358		124,358
631	Contract Svcs - Engineering	675	20	695	0	675		675
632	Contract Svcs - Accounting	7,935	238	8,173	(2,075)	5,860		5,860
633	Contract Svcs - Legal	35,928	1,078	37,006	(14,481)	21,447		21,447
634	Contract Svcs - Management Fees			0	0	0		0
635	Contract Svcs - Testing (Umpqua)	33,367	1,668	35,035	(264)	33,103		33,103
636	Contract Svcs - Labor			0	0	0		0
637	Contract Svcs - Billing (printing/mail)	72,746	2,182	74,928	0	72,746		72,746
638	Contract Svcs - Meter Reading	131,715	3,951	135,666	0	131,715		131,715
639	Contract Svcs - Misc Contractors	70,421	2,113	72,534	(6,000)	64,421		64,421
641	Rental of Building/Real Property	22,054	662	22,716	0	22,054		22,054
642	Rental of Equipment	10,924	328	11,252	0	10,924		10,924
643	Small Tools	7,594	228	7,822	(70)	7,524		7,524
648	Computer/Electronic Expenses	24,998	750	25,748	0	24,998		24,998
650	Transportation	158,868	4,766	163,634	0	158,868		158,868
656	Vehicle Insurance	10,979	329	11,308	2,507	13,486		13,486
657	General Liability Insurance	33,708	1,011	34,719	10,958	44,666		44,666
658	Workers' Comp Insurance	17,283	3,975	21,258	3,275	20,558		20,558
659	Insurance -Umbrella Policy	54,636	(34,428)	20,208	(45,742)	8,894		8,894
660	Public Relations/Advertising			0	0	0		0
666	Amortz. of Rate Case			0	0	0		0
667	Gross Revenue Fee (PUC)	16,820	505	17,325	0	16,820	1,249	18,069
668	Water Resources Conservation	10,117	304	10,421	(455)	9,662		9,662
670	Bad Debt Expense	37,685	1,131	38,816	(210)	37,475		37,475
671	Cross Connection Control Program			0	1,178	1,178		1,178
				0	0	0		0
673	Training and Certification	12,532	376	12,908	(5,738)	6,794		6,794
674	Consumer Confidence Report	6,809	204	7,013	(0)	6,809		6,809
675	General Expense	151,667	4,550	156,217	(1,814)	149,853		149,853
	TOTAL OPERATING EXPENSE	4,576,725	273,485	4,850,210	72,881	4,649,606	1,249	4,650,855
OTHER REVENUE DEDUCTIONS								
403	Depreciation Expense	518,828	65,146	583,974	64,481	583,309		583,309
407	Amortization Expense			0	0	0		0
408.11	Property Tax	289,947	11,098	301,045	0	289,947		289,947
408.12	Payroll Tax	123,538	14,767	138,305	13,049	136,587		136,587
408.13	Other	103,224	3,097	106,321	0	103,224		103,224
409.11	Oregon Income Tax	81,889	(37,439)	44,450	17,478	99,367	37,880	137,248
409.10	Federal Income Tax	385,872	(291,517)	94,355	36,963	422,835	161,191	584,026
	TOTAL REVENUE DEDUCTIONS	6,080,023	38,637	6,118,660	204,852	6,284,875	200,321	6,485,196
	NET OPERATING INCOME	990,116	461,040	1,451,156	(204,852)	785,264	299,356	1,084,620
101	Utility Plant in Service	22,536,808		22,536,808	302,139	22,838,947		22,838,947
	Less:							
108.1	Depreciation Reserve	7,821,119		7,821,119	(55,100)	7,766,019		7,766,019
271	Contributions in Aid of Const			0	0	0		0
272	Amortization of CIAC			0	0	0		0
281	Accumulated Deferred Income Tax			0	0	0		0
	Net Utility Plant	14,715,689	0	14,715,689	357,239	15,072,928	0	15,072,928
	Plus: (working capital)							
151	Materials and Supplies Inventory	176,517	0	176,517	0	176,517		176,517
	Working Cash (Total Op Exp /12)	381,394	22,790	404,184	6,073	410,257	104	410,361
	TOTAL RATE BASE	15,273,600	22,790	15,296,390	363,313	15,659,703	104	15,659,807
	Rate of Return	6.48%		9.49%		5.01%		6.926%

**Containing Rules and Regulations
Governing Water Utility Service**

NAMING RATES FOR

Avion Water Company, Inc.

(name of utility)

60813 Parrell Road

(address)

Bend, Oregon 97702

(city, state, & zip code)

541-382-5342 (telephone)
541-382-5390 (fax)

(telephone numbers and type)

Serving water in the vicinity of

Parts of Deschutes & Crook Counties, Oregon

Issue Date		Effective for Service on or after	February 1, 2014
Issued By	Avion Water Company, Inc.		
Signed By			

ADVICE NO. _____
(PUC USE ONLY)

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Issue Date		Effective for Service on or after	February 1, 2014
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Signed By			

ADVICE NO. _____
 (PUC USE ONLY)

SCHEDULE NO. 1

RESIDENTIAL AND COMMERCIAL METERED RATES

AVAILABLE: To customers of the Company in the areas of Crook and Deschutes Counties.

APPLICABLE: To all customers (excluding irrigation service and fire service).

BASE RATE

Service Meter Size	Monthly Base Rate	Usage Allowance
5/8 inch	\$25.97	None
3/4 inch	\$31.58	None
1 inch	\$49.12	None
1 ½ inches	\$93.57	None
2 inches	\$170.76	None
3 inches	\$304.10	None
4 inches	\$538.02	None
6 inches	\$842.13	None

COMMODITY RATE

COMMODITY RATE	PER	NUMBER OF UNITS	UNIT OF MEASURE	BASE USAGE ALLOWANCE	UNIT OF MEASURE
\$0.94	Per	100	Cubic Feet	None	Cubic Feet

SPECIAL PROVISIONS:

1. Water used during the construction of buildings, etc., shall be metered, whenever practical. Charges shall be made at the rates specified in this schedule. When setting of a meter is impractical, the amount of water used shall be estimated, and the charges shall be made at specified rates for the amounts so estimated.
2. City of Bend residents will be charged a monthly 3% franchise fee based off of a monthly total of all accounts recognized by the Oregon P.U.C. to set Avion's rates.

Issue Date		Effective for Service on or after	February 1, 2014
Issued By	Avion Water Company, Inc.		
Signed By			

ADVICE NO. _____
 (PUC USE ONLY)

SCHEDULE NO. 2

IRRIGATION DELIVERY RATES

AVAILABLE: To all irrigation customers of the Utility in Deschutes County whose irrigation water source is Arnold, Swalley, or Central Oregon Irrigation Districts.

APPLICABLE: To those irrigation customers who have water rights adjudicated to the land for which the Utility has facilities to deliver the water under pressure to the customer's land.

BILLING PERIOD: Monthly rates for irrigation service are charged throughout the year. The same customer disconnection and reconnecting irrigation service within the same twelve month period will be billed for continuous service at the time of reconnection.

IRRIGATION BASE AND VARIABLE RATES

Water Delivery Charge Base Rate per Month	\$10.19 per customer premise
Water Delivery Charge Variable Rate per Month	\$7.64 per acre feet of water right adjudicated to the customer's premise

Issue Date		Effective for Service on or after	February 1, 2014
Issued By	Avion Water Company, Inc.		
Signed By			

ADVICE NO. _____
 (PUC USE ONLY)

SCHEDULE NO. 3

MISCELLANEOUS SERVICE CHARGES

This schedule lists the miscellaneous charges included in the Utility's Rules and Regulations; refer to the appropriate rules for an explanation of charges and conditions under which they apply.

Connection Charge for New Service (Rule No. 8)

Standard ¾-inch service	At cost
Nonstandard ¾-inch service	At cost
Larger than ¾-inch	At cost
Irrigation hookup (if provided on separate system)	At cost

Meter Test (Rule No. 21)

First test within 12-month period	N/C
Second test within 12-month period	\$25

Pressure Test (Rule No. 42)

First test within 12-month period	N/C
Second test within 12-month period	\$25

Late-Payment Charge (Rule No. 22)

Charged on amounts more than 30 days past due	Pursuant to OAR 860-036-0130 (as of 1/1/13 – 1.8%)
---	---

Deposit for Service (Rule No. 5)

Pursuant to OAR 860-036-0050
(as of 1/1/13 – 0.2%)

Returned-Check Charge /Non Sufficient Funds Charge (Rule No. 23)

\$25 each occurrence

Trouble-Call Charge (Rule No. 38)

During normal office hours	\$25 per hour
After normal office hours on special request	\$35 per hour

Disconnection/Reconnection Charge (Rule No. 29)

During normal office hours	\$25 per occurrence
After normal office hours on special request	\$35 per occurrence

Unauthorized Restoration of Service (Rule No. 30)
 costs

Reconnection charge plus

Damage/Tampering Charge (Rule No. 34)

At cost

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ADVICE NO. _____
 (PUC USE ONLY)

SCHEDULE NO. 3 (Continued)

MISCELLANEOUS SERVICE CHARGES

<u>Disconnect Field Visit Charge</u> (Rule No. 29)	\$25
<u>Non-customer Hourly Rates</u>	\$40.00 / hr + Material
 <u>Visa / MasterCard Transaction Fees</u>	 \$0.75 Transaction fee per transaction
(An Authorization Fee applies only if Avion runs the transaction and receives a prompt to call for authorization. This happens when the card has been flagged for some reason.)	\$0.75 Authorization fee
(A Chargeback Transaction Fee applies only when a customer disputes a transaction but Visa / MasterCard finds it was an authorized transaction.)	\$12.00 Chargeback transaction fee

Special Note: Avion's Visa / MasterCard transaction fees will vary according to the rates charged by Visa / MasterCard. Avion is required to provide 30 days written notice to the Oregon PUC of any changes in these charges prior to their taking effect.

Issue Date		Effective for Service on or after	February 1, 2014
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Signed By			

ADVICE NO. _____
 (PUC USE ONLY)

SCHEDULE NO. 4

FIRE SERVICE RATES

AVAILABLE: To fire service customers of the Utility in the areas of Deschutes and Crook Counties, Oregon.

APPLICABLE: To fire service customers with privately-owned and maintained fire service lines connected to the Utility mains.

Fire Service Base Rate Per Month

FIRE SERVICE LINES BY SIZE	RATE
4 inch and smaller supply	\$20.42
6 inch supply	\$44.72
8 inch supply	\$78.43
10 inch supply	\$121.73
12 inch supply	\$174.62

FIRE HYDRANT MAINTENANCE RATES

AVAILABLE: To fire service customers of the Utility in the areas of Deschutes and Crook Counties, Oregon.

APPLICABLE: To premises with fire hydrants located on premises.

BASE CHARGE PER MONTH: Per hydrant per month; \$12.80.

Issue Date		Effective for Service on or after	February 1, 2014
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Signed By			

ADVICE NO. _____
(PUC USE ONLY)

SCHEDULE NO. 5

RATES FOR COMMERCIAL WATER HAULERS

AVAILABLE: To commercial water haulers in Deschutes and Crook Counties where the Utility's facilities and excess capacity exist. Determination of adequacy of facilities and capacity is in the sole discretion of Avion Water Company, Inc. Each commercial water truck must be equipped with a suitable hydrant meter, suitable backflow prevention devices, and a fire hydrant wrench.

APPLICABLE: To all commercial water haulers.

COMMERCIAL WATER HAULERS MONTHLY RATE

\$1.00 per 100 cubic feet

SPECIAL PROVISIONS:

1. Truck meters must be presented at Avion's office between the 1st and the 5th of each month. Bills for service are due in accordance with the tariff.
2. Commercial water haulers detected not using meters or proper equipment may be denied service for one month for the first offense, and denied service completely for a second offense.

Issue Date		Effective for Service on or after	February 1, 2014
Issued By	Avion Water Company, Inc.		
Signed By			

ADVICE NO. _____
(PUC USE ONLY)

SCHEDULE NO. 6

EQUAL PAYMENT PLAN

AVAILABLE: To residential customers of Avion Water Company, Inc.

APPLICABLE: To residential customers of Avion Water Company, Inc.

EQUAL PAYMENT PLAN:

At the option of the customer, residential service billings may be rendered in equal monthly amounts provided the customer has satisfactory credit or account balances not exceeding the calculated equal monthly billing. At the Utility's option, the plan may be offered to commercial customers.

The Equal Payment Plan (EPP) shall consist of 12 equal monthly billings, based on an average actual cubic feet usage for the most recent 12 months billed at the current rates. Customers must have 12 months account history at the address to qualify for EPP. When rate schedules change, the EPP will be re-computed based on the new approved rates.

EPP accounts shall be reviewed after the first twelve months of billing and at least annually thereafter. During the annual review month, the actual accounts receivable balance (debit or credit) shall be incorporated into the estimate for the next 12 months on the EPP unless the customer requests that the account balance be settled at that time.

The EPP may be reviewed and amended by the Utility as needed in response to changing prices or variations in the customer's water usage.

Enrollment in the EPP may occur at any time. Customers may cancel their EPP by notifying the Utility and paying the total account balance. The Utility reserves the right to cancel a customer's EPP if they are delinquent on payment of the equal monthly billing.

Issue Date		Effective for Service on or after	February 1, 2014
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Signed By			

ADVICE NO. _____
(PUC USE ONLY)

SCHEDULE NO. 7

RESIDENTIAL UNIT EQUIVALENTS BY METER SIZE

AVAILABLE: To customers of the Utility in the areas of Crook and Deschutes Counties.

APPLICABLE: To developers of projects using the Utility's water service.

RESIDENTIAL UNIT EQUIVALENTS BY SERVICE METER SIZE

Service Meter Size	AWWA Multiplier	FEE
5/8" x 3/4" inch	1	\$1,000
¾ inch	1.5	\$1,500
1 inch	2.5	\$2,500
1 ½ inch	5.0	\$5,000
2 inch	8.0	\$8,000
4 inch	25.0	\$25,000
6 inch	50.0	\$50,000
8 inch	80.0	\$80,000
Less than 4 inch fire	2.0	\$2,000
Greater than 6 inch fire	4.0	\$4,000

SPECIAL PROVISIONS:

- Multiple family projects are charged based upon meter size required.
- Condominium projects or similar projects are charged based upon meter size per unit.
- Multipliers are provided by the American Water Works Association (AWWA).

Issue Date		Effective for Service on or after	February 1, 2014
Issued By	Avion Water Company, Inc.		
Signed By			

ADVICE NO. _____
 (PUC USE ONLY)

SCHEDULE NO. 8

Reserved for Future Use

Issue Date		Effective for Service on or after	February 1, 2014
Issued By	Avion Water Company, Inc.		
Signed By			

ADVICE NO. _____
(PUC USE ONLY)

SCHEDULE NO. 9

COMMODITY POWER COST ADJUSTMENT

Schedule No. 9 is an “Automatic Adjustment Clause” as defined in ORS 757.210. It is subject to review by the Commission at least once every two years.

PURPOSE: To define procedures for periodic revision in rates due to changes in the Utility’s purchased commodity power cost, to describe how a rate change for purchased commodity power cost is calculated, and identify any other requirements.

APPLICABLE: The commodity power cost adjustment applies to the following schedules contained in the Utility’s tariffs: Schedules 1, 2, 4, and 5.

COMMODITY POWER COST ADJUSTMENT

Changes under the applicable schedules are subject to increases or decreases that may be made without prior hearing to reflect the changes in the Utility’s purchased power costs resulting from adjustments in the rate of the Utility’s power suppliers. Such adjustments may be shown in Schedule 1 and 2, or may be incorporated directly in the applicable rate schedules.

The Utility may file purchased power cost adjustments periodically to be effective upon the date its power suppliers implement rate changes. If the Utility chooses to file for power cost increases, it is obligated to file for decreases in power costs.

DESCRIPTION OF POWER COST ADJUSTMENT CALCULATION FOR DOMESTIC WATER

Current power rate per 100 cf of water, multiplied by the power provider’s percentage increase, multiplied by the power provider’s allocation, equals the power cost adjustment per 100 cf. For example, PacifiCorp provides 56.22 percent of the Utility’s electric power for domestic water. A 30 percent increase by PacifiCorp would result in the following power cost adjustment:

Current Power Rate	Percentage Increase	Allocation
\$0.2422	30%	0.5622

$\$0.2422 \times 0.30 \times 0.5622 = \0.041 increase per 100 cf.

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ADVICE NO. _____
 (PUC USE ONLY)

DESCRIPTION OF POWER COST ADJUSTMENT CALCULATION FOR IRRIGATION WATER

Current power rate per acre feet of water, multiplied by the percentage increase in power costs, multiplied by the power provider’s allocation, equals the power cost adjustment per acre foot of water. For example, PacificCorp provides 68.21 percent of Avion’s electric power for irrigation water. A 30 percent increase by PacifiCorp would result in the following:

Current Power Rate	Percentage Increase	Allocation
\$41.694	30%	0.682

$\$41.694 \times 0.30 \times 0.682 = \8.521 increase per acre foot of water

Similar calculation would be needed for each power supplier that changed its rates. The effect of these calculations would be a rolling forward current cost increase or decrease. Likewise, current power costs should be recalculated, providing a new basis for power cost at each future rate case to account for any changes in the distribution of power use among suppliers (a change in allocation). The Allocation index must be recalculated at two year intervals from the effective date of this schedule.

OTHER REQUIREMENTS

Avion shall, whenever possible, utilize its pumping operations at off-peak times in order to promote energy conservation. Avion will adopt a time-of-day usage of electric power from power suppliers who offer such a conservation tariff.

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SCHEDULE NO. 10

**CROSS CONNECTION CONTROL PROGRAM (PROGRAM)
 BACKFLOW PREVENTION DEVICE SERVICES AND FEES**

PURPOSE: Avion Water Company offers its customers backflow prevention device/double check valve assembly (DCVA) testing, maintenance, and repair services (the Program).

AVAILABLE: To customers of Avion Water Company, Inc. (Avion), in Bend, Oregon and vicinity.

APPLICABLE: To residential and commercial/industrial premises with 1” or smaller DCVAs installed at the meter.

ENROLLMENT: Avion WILL ENROLL all customers with DCVAs installed at the meter in this Program UNLESS the customer signs an “OPT OUT” NOTICE and returns such notice to Avion.

PROGRAM DESCRIPTION

1. **TESTING SERVICE** – Avion will provide the required DCVA annual test by a state certified tester pursuant to Oregon Administrative Rules 333-061-0070 through OAR 333-061-0072.
2. **MAINTENANCE AND REPAIR SERVICE** – Avion will provide maintenance and repairs on customer-owned DCVAs installed at the meter. Maintenance does not include the start up, blow out, or other freeze protection of assemblies on irrigation systems. Replacement of DCVA is the responsibility of the customers and is not covered by Avion’s DCVA maintenance and repair services.

PROGRAM RATES

1. **ALL CUSTOMERS ENROLLED IN PROGRAM**
 Monthly rate (itemized separately on customer water bill): \$2.76
2. **ALL CUSTOMERS WHO OPT OUT, BUT CHOOSE AVION AS A DEFAULT SERVICE SUPPLIER ON THEIR OPT OUT NOTICE**
 At the time of annual testing, Avion will bill customers: \$45.00

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SCHEDULE NO. 10 (CONTINUED)

CROSS CONNECTION CONTROL PROGRAM
BACKFLOW PREVENTION DEVICE SERVICES AND FEES

OPT OUT CUSTOMERS WHO FAIL TO PROVIDE DCVA TEST RESULTS

OPT OUT customers who fail to provide Avion with annual DCVA test results by the customer's annual deadline will be disconnected from water service pursuant to OAR 860-036-0245 (DISCONNECTION PROCEDURES FOR ALL CUSTOMERS OF WATER UTILITY SERVICES) or OAR 860-036-0215 (EMERGENCY DISCONNECTION).

SPECIAL PROVISIONS:

1. The customer is under no obligation to use Avion's DCVA services.
2. The customer can choose any qualified company or individual to test, maintain, and repair his/her DCVA.
3. Avion will provide each customer with notification of the Program services being offered. The notification shall include a written Program refusal (OPT OUT NOTICE).
4. Customers who choose to OPT OUT of the Program must sign the written OPT OUT NOTICE and return it to the Company.
5. Customers who choose to OPT OUT of the Program are responsible for the annual testing, maintenance, repair, and replacement of their DCVAs.
6. Avion will notify each customer who OPTS OUT of the Program 30 days prior to the annual test results due date. Annual test results must be provided to Avion on or before the customers' annual deadlines.
7. Avion reserves the right to propose before the Public Utility Commission of Oregon any change in the amount charged for the Program services.
8. Customers will be given the choice of accepting or rejecting a new agreement in advance of any rate increase.

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SCHEDULE NO. 11

DESCHUTES RIVER RESTORATION PROGRAM
VOLUNTARY RESIDENTIAL AND COMMERCIAL METERED RATES

AVAILABLE: To customers of the Company in the areas of Crook and Deschutes Counties who elect to participate in “Deschutes River Restoration” Program.

APPLICABLE: To all customers of Avion.

BASE RATES:

Rate Schedule (5/8” x 3/4”)

<u>Participation Level</u>	<u>Residential Equivalents</u>	<u>Monthly Mitigation Charge</u>	<u>Residential Rate (example)</u>
A	1	\$1.60	\$26.99
B	2	\$3.20	\$28.59
C	3	\$4.80	\$30.19
D	4	\$6.40	\$31.79

1. Rates for participation level are added to customer’s base rate in Schedule 1.
2. Customers may elect to discontinue the voluntary program at any time and not receive any charges.
3. The total amount collected each month will be passed on directly to the Deschutes River Conservancy with the express purpose of purchasing water rights to dedicate in-stream to the Deschutes River.
4. The amount received will be transferred to the Deschutes River Conservancy on the 15th of each month.
5. The registration form will be included with billing statements once every two years and will be available at the office.

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SCHEDULE NO. 12

Woodriver Village Tariff – System Impact Fee

Purpose: To provide money for upgrading the Woodriver Village main service line without causing undue financial burden upon any one developer.

Available: To customers of the Utility at Deschutes and Crook Counties, Oregon, and vicinity.

Applicable: To developers of projects in Woodriver Village, Bend, Oregon using the Company’s water service.

Cost Estimate of installing main service line:

Excavation = \$56,500
 Pipe and Fittings = \$13,648.78
 PRV Station = \$17,000
 Contingency (10%) = \$87,148.78 * (.10) = \$8,714.88
 Total = \$95,864

Initial amount of lots required to commence the project is estimated to be at 20 lots. To fulfill local Fire Marshall requirements for fire flow, the standard meter size will be 1”.

Woodriver Village System Impact Fee - Schedule A:

RESIDENTIAL UNIT EQUIVALENTS BY SERVICE METER SIZE

SERVICE	FEE
Standard Meter Connection – 1”	\$4,793.20
Less than 4 inch fire	\$2,000
6 inch and greater fire	\$4,000

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As a result, the 1 inch system impact fee will equal = \$4,793.20 per lot (\$95,864 / 20 lots). This amount is subject to refunds pursuant to Oregon Administrative Rule 860-036-0065 and Avion Rules 10 and 11 as contained in Avion's tariffs. The system impact fees collected for this area will be deposited into a separate account.

When the target amount of \$95,864 is reached, the project will be re-estimated and providing the cost is within the budget limits of collections, the line will be installed. If the cost of installation is above the collected amount, additional system impact fees will be collected at the rates listed in the above Woodriver Village System Impact Fee - Schedule A until the new target is reached. This procedure will be repeated until the project is able to be completed.

Refunds - Ten year Line share Agreement:

The estimated amount of new lots that will be added in 10 years after completion of the line improvement is 100 lots.

The System Impact Fee for next 100 lots (1 inch meter) would equal \$2,500 (Avion Schedule 7 cost).

These system impact fees will be divided as follows: \$2,041.36 to Avion that will be used as contributions in aid of construction and \$458.64 distributed evenly among the original participants. As a result of the advance and refund provisions, the original participants will at full build out, pay the Avion Schedule 7 Residential Unit Equivalent for a 1 inch meter (\$2,500).

Refunds will only occur for the ten year period following completion of the project or when 120 units are developed.

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Woodriver Village System Impact Fee - Schedule B:

RESIDENTIAL UNIT EQUIVALENTS BY SERVICE METER SIZE

SERVICE	FEE
Standard Meter Connection – 1”	\$2,500
Less than 4 inch fire	\$2,000
6 inch and greater fire	\$4,000

The residential unit equivalents by meter size fees will return to the rate listed on Schedule No. 7 after the first 120 lots or 10 years after completion of the new service main.

Any contribution received over the initial construction costs will be recorded as contributions in aid of construction and used for future system capacity costs.

Special Conditions:

1. All Woodriver Village funds will be maintained in a separate account.
2. Avion will provide annual construction / construction funds update to Commission Staff by February 1 of each year for the ten-year line share agreement duration.

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Schedule NO. 13

RESERVED FOR FUTURE USE

BASE RATE

Service Meter Size	Monthly Base Rate	Usage Allowance

COMMODITY RATE

COMMODITY RATE	PER	NUMBER OF UNITS	UNIT OF MEASURE	BASE USAGE ALLOWANCE	UNIT OF MEASURE

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RULES AND REGULATIONS

Rule 1: Jurisdiction of the Commission

The Rules and Regulations herein shall be subject to the rules and regulations of the Public Utility Commission of Oregon. See Oregon Administrative Rules Chapter 860, Division 036, and applicable statutes.

Rule 2: Definitions

- A. **“Utility”** refers to **AVION WATER COMPANY, INC.**
- B. **“Applicant”** means any person, business, or organization that applies for service or reapplies for service at a new existing location after service has been discontinued, except as noted in the definition of “Customer.”
- C. **“Commission”** means the Public Utility Commission of Oregon.
- D. **“Customer”** shall mean any person, business, or organization who has applied for, been accepted to receive, or is currently receiving service. A customer who voluntarily discontinues service at the same or different premises within 20 (twenty) days after discontinuance retains customer status.
- E. **“Residential customer premises”** shall mean any dwelling and its land including, but not limited to, a house, apartment, condominium, townhouse, cottage, cabin, mobile home, or trailer house.
- F. **“Commercial Premises”** means any premises at which a customer carries on any major activity of gaining a livelihood or performing a public service. Such activity may be of a business, industrial, professional, or public nature.
- G. **“Customer Line”** means the pipe, stops and fittings leading from the property line to the building served, excluding the meter and meter box.
- H. **“Commercial Customer”** means a customer who performs or produces a service or product that is a source of revenue, income, or livelihood to the customer or others using the water service.
- I. **“Main”** shall mean the pipe laid in the street, alley, or other right-of-way for the distribution of water to customers. It shall not include service lines.
- J. **“Service Connection”** means the connection between the Utility’s main line to the customer’s property line of the premises served that provides water service. It includes, but may not be limited to the pipe, valves, stops, fittings, meter, and meter box.

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- K. **“Service Line”** means the pipe, valves, stops, fittings, meter, and meter box laid from the main to the property line of the premises served.
- L. **“Point of Delivery”** is the property line or the outlet swivel/union of the meter defining where the service connection stops and the customer line starts.

APPLICATION FOR SERVICE

Rule 3: Customer/Applicant Information (OAR 860-036-0015)

The Utility shall provide or be able to provide customers or applicants with the following information:

- A. Instructions on how to read meters, either in writing or by explanation;
- B. Application and contract forms;
- C. Utility rules and regulations;
- D. Commission rules and regulations;
- E. Approved tariffs;
- F. Rights and Responsibilities Summary for Oregon Utility Consumers;
- G. Notices in foreign languages, if applicable;
- H. The Utility’s business address, telephone number, and emergency telephone number; and
- I. Notices approved by the Commission.

Rule 4: Application for Service (OAR 860-036-0035)

Application for water service must be made for each individual service. The application shall identify the applicant, the premises to be served, the billing address if different, the type of use to which the water is to be put, and an agreement to conform to the Rules and Regulations of the Utility as a condition for receiving such service. The applicant shall, at this time, pay any scheduled fees or deposits. An application is a request for water service and shall not be accepted until the applicant establishes credit as set forth in OAR 860-036-0040.

An application for water service must be made under the following conditions:

- A. An applicant who has not previously been served by the water Utility requests service;
- B. Service has been involuntarily discontinued in accordance with the Utility and Commission rules, and service is sought;
- C. Service has been voluntarily discontinued and a request to restore service has not been made within 20 days; or
- D. There is a change in the identity of a customer or the type of use to which the water is put, or the number of premises served.

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Rule 5: Establishment of Credit and Deposits (OAR 860-036-0040, 0045, 0050 and 0055)

In accordance with the Commission’s rules for credit establishment and deposit waiver, an applicant or a customer may be required to make a deposit to secure payment of bills for service. The deposit shall not exceed one-sixth (1/6) the amount of reasonable estimated billings for one year’s use of service at the premises during the prior year or upon the type and size of the customer’s equipment that will use the service. (OAR 860-036-0040)

The Utility shall pay interest on deposits at the rate established by the Commission. After the customer has paid bills for service for 12 consecutive months without having had service discontinued for nonpayment, or more than two occasions in which a shut-off notice was issued, and the customer is not then delinquent in the payment of bills, the Utility shall promptly and automatically refund the deposit plus accrued interest by (OAR 860-036-0050 and 0055):

- 1) issuing the customer a refund check
- 2) crediting the customer’s account

Rule 6: Customer Service Line

The customer shall own and maintain the customer service line and promptly repair all breaks and leaks. For non-metered service, the customer service line begins at the property line or utility-owned shut off valve. For metered service, the customer service line begins on the customer’s side of the meter or utility-owned shut off valve. The Utility shall not be responsible for any damage or poor service due to inadequacy of the customer line or any portion of the customer’s plumbing. All leaks in the customer line, faucets, and all other parts of the plumbing owned or controlled by the customer shall be promptly repaired so as not to waste water.

Rule 7: Separate Control of Service

All premises supplied with water will be served through service lines so placed as to enable the Utility to control the supply to each individual premise using a valve placed within and near the line of the street, the Utility right-of-way, or at the meter.

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Rule 8: Service Connections (OAR 860-036-0060)

The service connection is that portion of the water system between the Utility’s main line and the customer’s property line, including all material and installation (hot tap, pipes, fittings, meter, etc.) necessary to provide water service to the customer. The Utility shall own, operate, maintain, and replace the service connection when necessary and promptly repair all breaks and leaks. The customer shall not be responsible for any damage or poor service due to inadequacy of the Utility’s service lines or any portion of the Utility’s plumbing.

- A. The Utility may pay for and install the service connection and meter and, generally all materials and labor are included in rate base; or
- B. The Utility may purchase and install the service connection and charge the customer the cost of the service connection less the cost of the meter. Generally, the cost of the meter is included in rate base; or
- C. The customer may pay for the meter and contribute or gift the meter to the Utility. Contributions of this type are generally excluded from rate base.
- D. In special cases and upon approval by the Commission, a customer may purchase and install the service connection (including meter, meter box, parts, and all excavation and plumbing) and contribute or gift the entire service connection to the Utility. Contributions of this type are generally excluded from rate base.

Avion will generally proceed with method A above.

The customer will provide access during reasonable hours to company-owned service lines that extend on to the premises of the customer for the purposes of reading meters, maintenance, or removal of Utility property at the time service is to be terminated.

Rule 9: Service Connection Charge

An applicant requesting permanent water service to premises not previously supplied with permanent water service by the Utility shall be required to pay the service connection charge listed in the Utility’s Miscellaneous Service Charges Schedule 3.

Rule 10: Main Line Extension Policy (OAR 860-036-0065)

The Utility shall specify the size, character, and location of pipes and appurtenances in any main line extension. Main line extensions shall normally be along streets, roads, highways, or other satisfactory rights-of-way. All construction work shall conform to all applicable rules, regulations, codes, and industry standards. Each main line extension shall normally extend along applicant’s property line to the point the applicant’s service line would be at a 90-degree angle to the street or main line.

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Rule 11: Main Line Advances and Refunds Policy

Extensions to the main will be made by the Utility along only streets, county roads, highways, or satisfactory rights-of-way; provided that in these cases of extension pressure conditions permit and the Utility has sufficient water to supply additional demands without detriment to those customers already being served. The following provision governing service shall apply.

The utility may require each applicant, for new service, to provide the main line extension when required to bring service to the applicant's premise. The main line extension will continue along the applicant's property line to the point where the applicant's service line would be at a 90 degree angle to the street or main line.

Each new customer requesting a main line extension shall advance the Utility the cost-base amount necessary to extend the main line to provide service to the applicant prior to receiving service.

For a period of 5 years after construction of the requested main line extension, an amount per foot equal to the new applicant's proportionate share (per lineal feet) of the main line extension cost for that portion used. No part of the distribution system installed prior to the request for a main line extension shall be used to calculate any customer advance or refund.

The Utility will then refund the share differential amount to those customers who previously shared the cost of said main line extension. Refunds shall not exceed the amount originally advanced. Refunds are based upon line length constructed, or property frontage, whichever is appropriate.

Main line extensions that serve tracts, subdivision, housing projects or industries may be a matter of special contract with the promoters. Special contracts are subject to review by the Public Utility Commission.

Rule 12: Types of Use

Water service may be supplied for residential, commercial, irrigation, temporary construction, special contracts, fire prevention, and other uses. The Utility shall file separate rate schedules for each type of use and basis of supply.

Rule 13: Multiple Residences/Commercial Users

An apartment building, mobile home park, motel, trailer camp, duplex, townhouse, or any other property consisting of more than one residential/commercial unit, if served through one service line, will be considered to be equivalent of the number of dwelling units when determining the customer count.

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Rule 14: Utility Access to Private Property (OAR 860-036-0120(3)(b) and OAR 860-036-0205(3))

Customers shall provide access during reasonable hours to Utility-owned service lines that extend onto the premises of the customer for the purposes of reading meters, maintenance, inspections, or removal of Utility property at the time service is to be discontinued. Where the customer does not cooperate in providing reasonable access to the meter or to the premises, as required by law or to determine if a health or safety hazard exists, it is grounds for disconnection.

Rule 15: Restriction on Entering a Customer Residence (OAR 860-036-0085)

No water Utility employee shall enter the residence of its customers without proper authorization except in an emergency when life or property is endangered.

REFUSAL OF SERVICE

Rule 16: Refusal of Service Due to Customer Account (OAR 860-036-0080(1-3))

The Utility may refuse to serve an applicant until receipt of full payment of overdue amounts, or other obligations related to a prior account of the applicant with the Utility, when the following circumstances exist:

- A. An overdue amount remains outstanding by a customer at the service address; and
- B. The applicant resided at the service address indicated in (A) during the time the overdue charges were incurred; and
- C. The person indicated in (A) will reside at the location to be served under the new application. (OAR 860-036-0080)

Except for residential customers or applicants who were disconnected for theft of service, a water utility shall provide service to a residential applicant upon receipt of payment equal to at least one-half of any overdue amount. The balance of the amount owed to the utility shall be paid within 30 days of the date service is initiated.

Service shall not be refused for matters not related to water service. Residential service shall not be refused due to obligations connected with nonresidential service.

If service is refused under this rule, the Utility shall inform the applicant or customer of the reasons for the refusal and of the Commission's dispute resolution process.

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Rule 17: Refusal of Service Due to Utility Facilities (OAR 860-036-0080(7))

The Utility shall not accept an application for service or materially change service to a customer if the Utility does not have adequate facilities or water resources to render the service applied for, or if the desired service is of a character that is likely to unfavorably affect reasonable service to other customers.

For refusal of service under this rule, the Utility shall provide a written letter of refusal to the applicant informing applicant that applicant may request the details upon which the Utility's decision was based. A copy of such notice will also be sent to the Commission. The details will include, but not be limited to:

- A. Current capacity and load measured in gallons or cubic feet per minute;
- B. Current capacity and load measured in pounds per square inch;
- C. Cost to the Utility for additional capacity in order to provide the additional service; and
- D. Information regarding the appeal process of the Utility's refusal to provide service is available through the Commission's dispute resolution process pursuant to OAR 860-036-0025.

Rule 18: Refusal of Service Due to Customer Facilities (OAR 860-036-0080)

The Utility shall refuse service to an applicant or customer whose facilities do not comply with applicable plumbing codes or, if in the best judgment of the Utility, are of such a character that safe and satisfactory service cannot be given.

If service is refused under this rule, the Utility will provide written notification to the customer within 10 working days stating the reason(s) for refusal and providing information regarding the Commission's complaint process. A copy of the notification will also be sent to the Commission.

METERS

Rule 19: Utility Meters (OAR 860-036-0105)

The Utility shall own, maintain, and operate all meters. Meters placed in service shall be adequate in size and design for the type of service, set at convenient locations, accessible to the Utility, subject to the Utility's control, and placed in a meter box or vault between the street curb and property line. Each meter box or vault shall be provided with a suitable cover. When the location between the street curb and property line is not convenient and both the Utility and the customer agree, the meter may be placed near or inside a building in a suitable location.

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Where additional meters are furnished by the Utility or relocated for the convenience of the customer, a reasonable charge may be made in accordance with a schedule approved by the Commission.

The water Utility shall have the right to set meters or other devices for the detection and prevention of fraud or waste without notice to the customer.

Each customer shall provide the Utility with regular access to its meter, including removal of barriers and snow and ice. Customers whose meters are due to be read when snow or ice covers the meters will be notified by mail and informed that if they request their meter read, they should expose the meter box and notify the Utility and the Utility will read the meter.

Customers whose meters are blocked by other barriers will be notified that if the obstructions are not removed, the utility will estimate the customer's bill. Except for those customers notified as above, meter reading intervals will not exceed three months.

Failure to permit access at reasonable times and after the Utility provides reasonable written notice to the customer is grounds for disconnection of service. (OAR 860-036-0120)

Should damage result to the meter from molesting, tampering, or willful neglect on the part of the customer, the Utility shall repair or replace the meter and may bill the customer for the reasonable cost. (OAR 860-036-0105(7)). Broken meters shall be repaired or replaced within 30 days of discovery.

Rule 20: Meter Testing (OAR 860-036-0110)

The meter shall be tested prior to or within 30 (thirty) days of installation to determine it is accurate to register not more than 2 percent error. No meter shall be allowed to remain in service if it registers an error in excess of 2 percent under normal operating conditions. The Utility shall maintain a record of all meter tests and results. Meter test result records shall include:

- A. Information necessary to identify the meter;
- B. Reason for making the test;
- C. Date of test;
- D. Method of testing;
- E. Meter readings;
- F. Test results; and
- G. Any other information required to permit convenient checking of methods employed.

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Rule 21: Customer-Requested Meter Test (OAR 860-036-0115)

A customer may request that the Utility test the service meter; such test shall be made within 20 working days of the receipt of such request at no cost to the customer. The customer has the right to be present during said test, which is to be scheduled at a mutually agreeable time. A written report shall be provided to the customer stating:

- A. Customer's name;
- B. Date of the customer's request;
- C. Address at which the meter has been installed;
- D. Meter identification number;
- E. Date of actual test; and
- F. Test results.

If a customer requests a meter test more often than once in any 12-month period, the deposit listed on the Miscellaneous Service Charges Schedule may be required to recover the cost of the test. If the meter is found to register more than 2 percent fast under conditions of normal operation, the Utility shall refund the deposit to the customer.

BILLING

Rule 22: Billing Information/Late-Payment Charge (OAR 860-036-0120, OAR 860-036-0125 and OAR 860-036-0130)

All bills, including closing bills, are due and payable when rendered by deposit in the mail or other reasonable means of delivery, unless otherwise specified on the bills. As near as practical, meters will be read at **bimonthly** intervals on the corresponding day of each meter reading or billing period. The bill shall be rendered immediately thereafter. All water service bills shall indicate on the bill the following:

- A. Beginning and ending meter readings for the billing period;
- B. Beginning and ending dates of the period of service to which the bill applies;
- C. For all metered bills, beginning and ending meter readings for the period for which the bill is rendered;
- D. Number of units of service supplied stated in gallons or cubic feet;
- E. Schedule number under which the bill was computed;
- F. Delinquent date of the bill;
- G. Total amount due; and
- H. Any other information necessary for the computation of the bill.

The Utility will keep at least 10 years of all billings records (flat or metered rates) and three years of meter readings. The Utility shall make reasonable efforts to prepare opening and closing bills from

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actual meter readings. When there is good reason for doing so, estimated bills may be submitted. Any estimated billings shall be clearly designated as such. The utility will read meters with alternate months estimated on the following schedule:

Winter (November through February) residential usage will be estimated at 700 cubic feet per month.

Winter (November through February) commercial usage will be estimated from the previous actual meter reading or 700 cubic feet, whichever method provides the most consistent billing for the commercial customer. The Customer may request either method.

Summer (March through October) will be estimated based on the average of the previous three months usage. The Utility may decrease estimated billings based upon changes in plant pumping rates so that customers will, insofar as practical, not be overbilled.

All bills become delinquent if not paid within 30 days of the date of transmittal of the bill. OAR 860-036-0125 requires a minimum of 15 days. The late-payment charge, determined by the Commission and listed on the Miscellaneous Service Charges Schedule 3, shall be applied to all overdue balances at the time of preparing the subsequent months' bill. If permitted to become delinquent, water service may be terminated after proper notice as provided in Rule 28, Disconnection of Water Service for Cause.

Rule 23: Returned-Check Charge

The returned-check, non sufficient funds charge listed on the Miscellaneous Service Charges Schedule 3 shall be billed for each occasion a customer submits a check for payment, or has an electronic transaction, excepting Visa / Mastercard, that is not honored, for any reason, by a bank or other financial institution.

Rule 24: Prorating of Bills

Initial and final bills will be prorated according to the number of days service was rendered and on the basis of a 30-day month. For metered services, the meter will be read upon opening and closing a customer's account. Consumption will be charged at scheduled rates. Any minimum monthly charge will be prorated.

Rule 25: Adjustment of Bills (860-036-0135)

When an underbilling or overbilling occurs, the Utility shall provide written notice to the customer detailing the circumstances, period of time, and the amount of the adjustment. If it can be shown that the error was due to an identifiable cause, the date of which can be fixed,

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the overcharge or undercharge shall be computed back to such date. If no date can be fixed, the Utility will refund the overcharge or rebill the undercharge for no more than six months' usage. In no event will an overbilling or underbilling be for more than three years' usage. No billing adjustment is required if a meter registers less than 2 percent error under conditions of normal operation.

When a customer is required to repay an underbilling, the customer is entitled to enter into a time-payment agreement without regard to whether the customer already participates in such an agreement. If the customer and the Utility cannot agree upon payment terms, the Commission shall establish terms and conditions to govern the repayment obligation. The Utility will provide written notice advising the customer of the opportunity to enter into a time-payment agreement and of the Commission's complaint process.

Rule 25a: Transfer Billings (OAR 860-036-0140)

If a water utility identifies a balance a customer owes from the customer's prior account for Oregon service, the water utility shall have the option to transfer the amount to the customer's current account. The water utility will give the customer prior notice of the transfer, including:

- A. The amount due under the prior account; and
- B. The period when the balance was incurred; and
- C. The service address under which the bill was incurred.

The utility has the option to send a separate notice to the customer giving the same information, but collecting the amount for the prior account separately from the customer's current account. If the customer has an amount remaining on an existing time-payment agreement, the customer may enter into a new time-payment agreement to include the transfer.

This rule also applies to customers who change service locations, and who applied for the new service within 20 days of closing the prior account (thereby retaining customer status).

DISCONNECTION OF WATER SERVICE

Rule 26: Voluntary Discontinuance (OAR 860-036-0210)

Except for emergencies, customers who (for any reason) wish to have service discontinued shall provide the Utility at least five business-days' advance notice of the requested to discontinue service. The customer is responsible to identify the date of disconnection and for all service rendered until the Utility receives the customer's notice and the service is discontinued on the requested date.

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Rates are based on continuous service. Disconnect and reconnect transactions do not relieve a customer from the obligation to pay the base rate or minimum charge that accumulates during the period of time the service is voluntarily disconnected for up to 12 months. Should the customer wish to recommence service within 12 months at the same premise, the customer will be required to pay the accumulated minimum monthly charge or base rate as if service had been continuous. The reconnection charge listed on the Miscellaneous Service Charges Schedule will be applicable at the time of reconnection.

Rule 27: Emergency Disconnection (OAR 860-036-0215)

The Utility may terminate service in emergencies when life or property is endangered without following the procedures set forth in OAR 860-036-0245. Immediately thereafter, the Utility will notify the customer and the Commission. When the emergency termination was through no fault of the customer, there shall be no charge made for restoration of service.

Rule 28: Disconnection of Water Service for Cause (OAR 860-036-0205 and 0245)

When a customer fails to comply with the Utility’s rules and regulations, or permits a bill or charge for regulated services to become delinquent (except for nonpayment of a time-payment agreement*), the Utility shall give at least five days’ written notice before the water may be shut off. The notice shall state plainly the following:

- A. The reason(s) for the proposed disconnection;
- B. The earliest date for disconnection;
- C. The amount to be paid to avoid disconnection;
- D. An explanation of the time-payment provision of OAR 860-036-0125;
- E. Information regarding the Commission’s dispute resolution process; and
- F. The Commission’s Consumer Services toll-free number, 1-800-522-2404.

Prior to disconnection on the day that the water Utility expects to disconnect service, the Utility must make a good-faith effort to physically contact the customer or an adult at the customer’s premise to be disconnected to advise the customer/adult of the proposed disconnection. If contact is not made, the Utility shall leave a notice in a conspicuous place at the customer’s premise informing the customer that service has been or is about to be disconnected. The Utility shall document its efforts to provide notice and make that documentation available to the customer upon request.

When the Utility’s representative makes a premise visit for the purpose of delivering a disconnect notice, the representative is authorized to accept payment for a delinquent account, but will not dispense change for payment tendered in excess of the amount due or owing. Any excess payment will be credited to the customer’s account.

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If the customer's disconnect notice is due to a rules violation, the representative will attempt to make a good-faith effort to physically contact the customer or an adult at the customer's premise to advise the customer/adult of the proposed disconnection and attempt to remedy the rules violation.

When the Utility sends a representative out to the premise to deliver a disconnect notice, the Utility will charge a Disconnection Visit Charge as shown in the Miscellaneous Service Charges Schedule 3.

The Utility will not disconnect service for nonemergencies on a Friday, the day of a state or Utility recognized holiday, or the day prior to such holiday. (OAR 860-036-0220)

The Utility will not disconnect residential service due to the failure to pay or meet obligations associated with nonresidential service. (OAR 860-036-0225)

The Utility will not disconnect residential service for nonpayment if a customer enters into a written time-payment plan. The Utility will offer such customers a choice of payment agreements between a leveled-payment plan, an equal-pay-arrearage plan, or some other mutually agreeable payment arrangement agreed to in writing. (OAR 860-036-0125)

Disconnection for Failure to Comply With a Time Payment Agreement

A time-payment agreement disconnection occurs when a customer fails to comply with the terms of a written time-payment agreement between the customer and the Utility, or the Utility permits a time-payment agreement charge to become delinquent. The Utility shall give the customer a 15-day' written notice and a 5-business day written notice before the water service may be disconnected.

Rule 29: Disconnection and Reconnection of Water Service and Field Visit Charge

Disconnection Charge

When service was disconnected pursuant to OAR 860-036-0245 or OAR 860-036-0250, the water utility may charge the disconnect fee stated in its tariff.

Reconnection Charge

Service must be reconnected after the customer or applicant has requested reconnection, paid all applicable charges, provided necessary credit information, and satisfied all requirements for service when service was disconnected pursuant to OAR 860-036-0245 or OAR 860-036-0250, the water utility may charge the reconnection fee stated in its tariff.

Field Visit Charge

A water utility may assess a field visit charge whenever the water utility visits a residential service address intending to reconnect or disconnect service, but due to customer action, the water utility is

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unable to complete the reconnection or disconnection at the time of the visit. The field visit charge must be either filed in its tariffs or included in its statement of rates, whichever is applicable.

A field visit charge may not be assessed to a customer for delivery of any disconnect notice when the Utility has a viable address (es) for the customer. If a Utility delivers a disconnect notice, it is responsible to document its efforts to send the disconnect charge by mail and demonstrate to the Commission the reasonableness of delivering any disconnect notice to the customer’s residence.

Rule 30: Unauthorized Restoration of Service

After the water has been disconnected or shut off at the curb stop or at the meter, if any person not authorized by the Utility should turn it on, the water service line may be disconnected without notice. Service shall not be reconnected until all arrearages; all cost-of-service disconnection and reconnection fees listed on the Miscellaneous Service Charges Schedule 3 are paid in full.

Rule 31: Unauthorized Use

No person shall be allowed to make connection to the Utility mains, or to make any alteration to service connections, or to turn a curb stop off or on to any premises without written permission of the Utility. Meter tampering, diverting service, or any other unauthorized use of service will automatically cause a disconnection of the water service and meter removal. All fees, costs of disconnection and reconnection, past-due billings, and service charges list owing must be paid in full before any service is restored. An advance deposit for restoration of service may be required.

Rule 32: Interruption of Service (OAR 860-036-0075)

The Utility shall have the right to shut off the water supply temporarily for repairs and other necessary purposes. The Utility shall use all reasonable and practicable measures to notify affected customers in advance of such discontinuance of service, except in the case of emergency repairs. The Utility shall not be liable for any inconvenience suffered by the customer or damage to the customer’s property arising from such discontinuance of service.

The Utility shall keep a record of all service interruptions affecting its whole system or a major section thereof, including the time and date of interruption, duration, and cause or purpose of interruption.

Rule 33: Water Supply/Usage Restrictions (OAR 860-036-0325)

The Utility shall exercise due diligence to furnish a continuous and adequate supply of water to its customers. If water restrictions are necessary to equitably apportion its available water supply

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among its customers with due regard to public health and safety, the Utility shall provide written notification to its customers and the Commission including:

- A. Reason for the restriction;
- B. Nature and extent of the restriction;
- C. Effective date of the restriction; and
- D. Probable date of termination of such restriction.

Rule 34: Damages/Tampering

Should damage result to any of the Utility's property from molesting or willful neglect by the customer to a meter or meter box located in the customer's building, the Utility will repair or replace such equipment and will bill the customer for the costs incurred. (OAR 860-036-0105(7)).

SERVICE QUALITY

Rule 35: System Maintenance (OAR 860-036-0305)

The Utility shall have and maintain its entire plant, distribution system, and hydrants in such condition that it will furnish safe, adequate, and reasonable continuous service. The Utility shall inspect its facilities in such manner and with such frequency as may be necessary to ensure a reasonably complete knowledge of its condition and adequacy at all times.

The Utility shall keep such records of all routine maintenance as considered necessary for the proper maintenance of its system, including regular flushing schedules, exercising of valves, and valve inspections.

Rule 36: Work Quality

No person shall be allowed to make connections with the mains, alterations to the service lines, or turn water off or on to any premises without the permission of the Utility. The Utility shall specify the size, character and location of pipes and appurtenances in any main extension. All construction work to the Utility's system will conform to State and Utility approved standards.

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Rule 37: Shut Off for Repairs

The Utility shall have the right to shut off the water supply temporarily for repairs or other necessary purposes. The Utility will use all reasonable and practical measures to notify the customer in advance of such discontinuance of service except in the case of emergency repairs. The Utility shall not be liable for any inconveniences suffered by the customer or damage to customer property arising from such discontinuance of service.

Rule 38: Trouble Call

The trouble-call charge listed on the Miscellaneous Service Charges Schedule 3 may be billed whenever a customer requests that the Utility visit the customer's premises to remedy a service problem and the problem is due to the customer's facilities.

Rule 39: Water Purity (OAR 860-036-0310)

The Utility shall deliver water for domestic purposes free from bodily injurious physical elements and disease-producing bacteria and shall cause such tests to be made and precautions taken as will ensure the constant purity of its supply. The Utility shall keep a record of all water quality tests results, monitoring, and reports.

The Utility shall deliver domestic water that is reasonably free from elements that cause physical damage to customer property such as pipes, valves, appliances, and personal property. A water supply that causes such damage will be remedied until the conditions are such as to not reasonably justify the necessary investment.

Rule 40: Water Pressure (OAR 860-036-0315)

Each water Utility shall maintain pressure at a minimum of 20 pounds per square inch (psi) for health reasons to each customer at all times and not exceed a maximum of 125 psi. The 20 psi and 125 psi standards are not presumed to be adequate service and do not restrict the authority of the Commission to require improvements where water pressure or flow is inadequate.

In general, 40 psi of water pressure in the water mains is usually adequate for the purposes of this rule. Adequate pressure may vary depending on each individual water system and its customers' circumstances. In the case of a dispute, the Commission will determine the appropriate water pressure for the water Utility.

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Rule 41: Pressure Surveys (OAR 860-036-0320)

The Utility shall have a permanently placed pressure gauge located on a main that is representative of the system's pressure. A portable gauge in good working condition shall be available for checking pressure conditions in any part of the distribution area.

Rule 42: Customer-Requested Pressure Test (OAR 860-036-0320)

Upon customer request, the Utility will perform a water pressure test within 20 working days of the request at no cost to the customer. If the customer requests more than one pressure test within any 12-month period, a deposit to recover the reasonable cost of the additional test may be required of the customer. The deposit shall be returned if the pressure test indicates less than 20 psi or more than 125 psi. The customer or designated representative has the right to be present at the pressure test, and said test shall be conducted at a mutually agreeable time.

For metered service, the pressure will be tested at a point adjacent to the meter on the customer's service line. For nonmetered service, the pressure will be tested at the customer's service line or hose bibb or other reasonable point likely to best reflect the actual service pressure.

The first pressure test performed in a twelve (12) month period will be at no charge. The second pressure test within a twelve month period (if the first test meets Avion Water Company and PUC standards) will be charged as listed on the Miscellaneous Service Charges Schedule 3.

Rule 43 Maps/Records (OAR 860-036-0335)

The Utility shall keep on file current maps and records of the entire plant showing size, location, character, and date of installation of major plant items, including shut-off valves.

Rule 44: Utility Line Location (One Call Program) (OAR 860-036-0345)

The Utility and its customers will comply with the requirements of OAR 952-001-0010 through and including OAR 952-001-0090 (One Call Program) regarding identification and notification of underground facilities.

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Rule 45: Cross Connection/Backflow Prevention Program

In compliance with the Oregon Administrative Rules, Chapter 333, Division 61, the Utility will undertake programs for controlling and eliminating cross connections.

Inspections will be made by certified personnel where there is reasonable cause to believe that a cross connection or a potential cross connection exists on the customer's premise.

A customer that has another water supply that cross connects with the Utility's system or has conditions that presents the possibility of contamination or pollution to the Utility's water supply, must either eliminate the cross connection or install a cross connection control device (device).

The device and its installation or the elimination of the cross connection shall be in accordance with standard practices pertaining to cross connection control approved by the Department of Human Services, the Utility, and the National Safe Drinking Water Act.

The entire cost of installation and equipment will be at the expense of the customer. Any corrective measure, disconnection, or change on the customer's property shall be at the sole expense of the person in control of said property.

The Utility shall regulate the location, installation, and testing of all devices. The Utility will inspect the installation prior to providing water service. The annual testing of the device shall be by licensed personnel. All devices in service must be tested annually. The Utility will determine the frequency of testing based upon the severity of the hazard.

Customer failure to install, maintain, and test the device(s) as required are grounds for disconnect of water service to that customer's premise(s).

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CERTIFICATE OF SERVICE

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I certify that I have, this day, served the foregoing document upon all parties of record in this proceeding by delivering a copy in person or by mailing a copy properly addressed with first class postage prepaid, or by electronic mail pursuant to OAR 860-001-0180, to the following parties or attorneys of parties.

Dated this 24th day of December, 2013 at Salem, Oregon



Kay Barnes
Public Utility Commission
3930 Fairview Industrial Drive SE
Salem, Oregon 97302
Telephone: (503) 378-5763

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SERVICE LIST**

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