

**PUBLIC UTILITY COMMISSION OF OREGON
STAFF REPORT
PUBLIC MEETING DATE: JUNE 26, 2001**

REGULAR AGENDA X CONSENT AGENDA EFFECTIVE DATE

DATE: June 19, 2001

TO: Phil Nyegaard through Marc Hellman and Mike Myers

FROM: Tom Riordan

SUBJECT: Avion Water Company Advice 01-5

SUMMARY RECOMMENDATION:

I recommend pursuant to ORS 757.215, the Commission approve Avion Water Company's (Avion) proposed Commodity Power Cost Adjustment Tariff, effective July 4, 2001.

DISCUSSION:

This is a new tariff for Avion and it is also the first of its kind that an Oregon water utility has filed. Staff anticipates that other water utilities will also choose to file a similar tariff to establish a mechanism to affect power cost changes that are likely to occur, at least in the near term.

Avion currently serves approximately 6,720 residential and 471 commercial customers, as well as 760 irrigation customers in Bend. In this filing, submitted June 4, 2001, Avion is requesting to establish a new tariff for the adjustment of commodity charges to reflect changes, either up or down, in power cost. There is no immediate rate change associated with this filing because it only establishes the mechanism for subsequent changes in purchased power costs. When Avion incurs a power cost change (increase or decrease) from any of its electric power suppliers to supply domestic and/or irrigation water, it will file a request with the Commission for a rate adjustment, effective upon the date of the power cost change. To encourage efficiency and energy conservation, Staff encouraged Avion to include another requirement to utilize its pumping operations at off-peak times and take advantage of time-of-day tariffs when offered by Avion's power suppliers. Attached is Schedule No. 9 of Avion's tariff that describes in detail the purpose, applicability to other tariff schedules, description of how the adjustment is calculated, and other matters that address Staff's conservation recommendations.

STAFF RECOMMENDATION:

Staff recommends pursuant to ORS 757.215, the Commission approve Avion Water Company's (Avion) proposed Commodity Power Cost Adjustment Tariff, effective July 4, 2001

Attachment