

**PUBLIC UTILITY COMMISSION OF OREGON
STAFF REPORT
PUBLIC MEETING DATE: June 5, 2007**

REGULAR _____ **CONSENT** X **EFFECTIVE DATE** July 1, 2007

DATE: May 15, 2007

TO: Public Utility Commission

FROM: Renee Sloan

THROUGH: Lee Sparling, Marc Hellman, and Michael Dougherty

SUBJECT: AVION WATER COMPANY INC: (Advice No. 07-13) Makes Revisions to Schedule No. 3, Miscellaneous Service Charges.

STAFF RECOMMENDATION:

Staff recommends the Commission approve the proposed revisions to Avion Water Company Inc's (Avion or Company) Schedule No. 3, Miscellaneous Service Charges, with an effective date of July 1, 2007.

DISCUSSION:

Avion filed Advice No. 07-13 on April 26, 2007, proposing to add Visa/MasterCard Transaction Fees to its Schedule No. 3, Miscellaneous Service Charges, to recover the cost of processing customer payments made by Visa or MasterCard. After discussions with Staff, the Company filed replacement pages on May 14, 2007.

Currently, Avion's customers do not have the option to make payment by credit card. Avion proposes adding credit cards (Visa and MasterCard) to its accepted methods of payment because the Company believes that it would be more convenient for many customers to make payments by credit card than to make payments by cash or check. The Company also believes that accepting payment by Visa or MasterCard could result in more paid bills and fewer shutoffs, thus saving customers the cost of late fees and disconnect/reconnect fees.

Under Avion's proposed revisions to Schedule No. 3, customers who pay with Visa or MasterCard will be charged \$0.75 per transaction. Customers who make credit card payments could also incur a \$0.75 authorization charge if Avion is required to contact the credit card distribution center. In addition, Avion proposes a \$12.00 chargeback

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fee that will apply when a customer disputes a transaction but the credit card company finds it was a customer authorized transaction.

The proposed charges will allow Avion to collect only the amounts charged to the Company to process the credit card payments; therefore, Avion will receive no profit from the fees collected through the credit card charges.

Upon review of this filing, Staff finds it reasonable and recommends the Commission approve Avion's proposed revisions to Schedule No. 3, Miscellaneous Service Charges.

PROPOSED COMMISSION MOTION:

Pursuant to ORS 757.205, the proposed revisions to Avion Water Company Inc's Schedule No. 3 be approved with an effective date of July 1, 2007.