

**BEFORE THE WASHINGTON  
UTILITIES AND TRANSPORTATION COMMISSION**

WASHINGTON UTILITIES AND  
TRANSPORTATION COMMISSION

Complainant,

v.

CASCADIA WATER, LLC

Respondent.

DOCKET UW-240151

ORDER 01

COMPLAINT AND ORDER  
SUSPENDING TARIFF  
REVISIONS

**BACKGROUND**

- 1 On February 29, 2024, Cascadia Water, LLC (Cascadia Water or Company) filed with the Washington Utilities and Transportation Commission (Commission) tariff revisions that would generate approximately \$1,788,793 (75 percent) additional annual revenue. The Company serves approximately 4,000 customers. The Company’s last general rate case was effective July 1, 2021, with phased-in rates.
- 2 The Company filed to keep rates separate for three of its systems; Island/Mainland, Peninsula, and Pelican Point. Commission staff (Staff) and the Company agreed to an additional revenue requirement of \$1,272,600. Breaking down the revenue requirement between the main Cascadia systems and Pelican Point the agreement is \$1,062,372 (51 percent) for Cascadia and \$222,579 (76 percent) for Pelican Point.
- 3 Cascadia has filed this case as they have continued to purchase water systems in Washington and make capital improvements. Washington has seen a recent transformation within the regulated water industry, where historically the companies have been predominantly small systems owned by a local person. While that can have advantages, it can also have disadvantages, such as limited capital and operating experience. Cascadia is investing in new assets to serve their customers and employees, people who know the operating standards that apply to this industry.
- 4 On April 19, 2024, the Water Consumer Advocates of Olympic Peninsula (AOP) submitted a motion, through counsel, to either continue the proceeding for ninety (90) days, or in the alternative, suspend the tariff revisions and set the matter for adjudication.

- 5 On June 20, 2024, Goss Lakeridge Acres Association (GLAA) submitted comments asserting that Cascadia had not shown the tariff revisions were just and reasonable, and that the requested return on equity (ROE) is unsupported. On the same day, the Commission received written comments from several other individual Cascadia customers and a petition protesting the tariff revisions from the Monterra community.
- 6 On June 21, 2024, the Commission received additional comments from AOP and other individual Cascadia customers requesting the Commission reject Cascadia's proposed tariff revisions. On the same day, the Commission also received comments from Public Counsel asking the Commission to reject Cascadia's tariff revisions because the requested ROE lacked affirmative support. In total, the Commission received 260 customer comments, all opposed to the tariff revisions.
- 7 On June 24, 2024, Cascadia submitted written responses to comments submitted by GLAA and AOP. Cascadia's responses address, point by point, dozens of concerns raised by both entities and assert that Cascadia has met its burden, and the requested rates are fair, just, and reasonable.
- 8 On June 11, 2024, the Commission received a letter from State Senator Van De Wege and State Representatives Chapman and Tharinger, all of whom have constituents in Cascadia's service territory. The letter voices concerns, as raised by constituents, over the size of the rate increase, and whether the Company has met its burden of proof.
- 9 Staff recommends that the Commission take no action and allow the revised rates to go into effect, as Staff's review found the submitted rates to be fair, just, reasonable, and sufficient.
- 10 This matter came before the Commission at its regularly scheduled open meeting on June 27, 2024. The Commission heard additional comments from Staff, which reiterated its recommendation. Staff noted that Staff had done a site inspection and worked extensively with customers and the Company throughout this process. The Commission heard from the Company who expressed that the costs the Company has incurred are needed and that the Company has met its burden of showing the costs are prudent. The Company explained specifically why the Company undertook the rebuilding of a reservoir, which had been identified as deficient by the Department of Health. The Company also explained capital investment was needed to address failures of pumps for firefighting and the installation of filtration systems due to increasing contaminants in the water system.

- 11 The Company further replied to several Commission questions regarding the need for and prudence of capital decisions. Public Counsel provided comments expressing concern over the rate increase, the magnitude of the increase, and planned increases posing significant stress on customers. Public Counsel commented that it did not have any challenge to the prudence of investments at this time due to a lack of evidence and expertise. Public Counsel requested that the Commission require the Company to closely document improvements and alternatives in the future. Public Counsel reiterated that the rate shock in this case is in excess, and that the rates should be phased in over three years. Public Counsel further reiterated its position that the filing should be rejected because the ROE is not supported.
- 12 The Commission also heard from counsel for AOP, who asserted the Commission should reject the tariff revisions for failure to meet its burden for the tariff revisions, or in the alternative the proceeding should be suspended for adjudication. The Commission also heard comments from several Cascadia Water customers. The customers expressed concerns that the rate increase was drastic, that there is no end to the increases in sight, and that the increases are unaffordable for retirees and those on fixed income. Customers expressed concern that the water systems are being lumped together and that individual systems are paying costs incurred by other systems. Customers also expressed concern over the requested ROE, and that the Company has not carried its burden of proof. Further, customers expressed concern that the public record is lacking in evidence, that the Company has withheld information from the public, and that the process has lacked transparency and due process. During the open meeting, the AOP withdrew its motion for suspension.

### **DISCUSSION AND DECISION**

- 13 Based upon the concerns raised by Cascadia customers, the Water Consumer Advocates of Olympic Peninsula, and Public Counsel, we find that the tariff should be suspended for adjudication and therefore, we suspend the tariff on our own motion. We agree there are questions underlying the tariff revisions and materials provided in this docket and therefore we do not believe that the tariff should be approved at this time.

### **FINDINGS AND CONCLUSIONS**

- 14 (1) The Commission is an agency of the state of Washington vested by statute with the authority to regulate rates, regulations, and practices of public service companies, including water companies.

- 15 (2) Cascadia Water is a water company and a public service company subject to Commission jurisdiction.
- 16 (3) This matter came before the Commission at its regularly scheduled meeting on June 27, 2024.
- 17 (4) The tariff revisions Cascadia Water filed on February 29, 2024, might injuriously affect the rights and interests of the public.
- 18 (5) Cascadia Water has not yet sufficiently demonstrated that the tariff revisions would result in rates that are fair, just, reasonable, and sufficient.
- 19 (6) In order to carry out the duties imposed upon the Commission by law, the Commission believes it is necessary to investigate Cascadia Water's books, accounts, practices, and activities; to make a valuation or appraisal of Cascadia Water's property; and to investigate and appraise various phases of Cascadia Water's operations.
- 20 (7) As required by Revised Code of Washington (RCW) 80.04.130(4), Cascadia Water bears the burden to prove that the proposed increases are fair, just, reasonable, and sufficient.
- 21 (8) Cascadia Water's rates as filed on February 29, 2024, should be suspended.
- 22 (9) Cascadia Water may be required to pay the expenses reasonably attributable and allocable to such an investigation, consistent with RCW 80.20.020.

**ORDER**

THE COMMISSION ORDERS:

- 23 (1) The tariff revisions Cascadia Water, LLC filed on February 29, 2024, are suspended.
- 24 (2) The Commission will hold hearings at such times and places as may be required.
- 25 (3) The Commission will institute an investigation of Cascadia Water, LLC's books, accounts, practices, activities, property, and operations as described above.

- 26 (4) Cascadia Water, LLC shall pay the expenses reasonably attributable and allocable to the Commission's investigation consistent with RCW 80.20.020.

DATED at Lacey, Washington, and effective June 28, 2024.

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

DAVID W. DANNER, Chair

ANN E. RENDAHL, Commissioner

MILTON H. DOUMIT, Commissioner