



January 20, 2022

Washington Utilities and Transportation Commission  
 ATTN: Ms. Amanda Maxwell, Executive Director and Secretary  
 621 Woodland Square Loop SE  
 Lacey, WA 98503

Re: General Rate Proceeding Filing

Received  
 Records Management  
 01/20/22 13:29  
 State Of WASH.  
 UTIL. AND TRANSP.  
 COMMISSION

Dear Ms. Maxwell,

Suncadia Water Company, LLC (“Suncadia Water” or the “Company”)<sup>1</sup> hereby files this general rate proceeding with the Washington Utilities and Transportation Commission (the “Commission”), in accordance with Washington Administrative Code (“WAC”) 480-07-530. The filing includes:

- This filing letter;
- Suncadia Water’s new consolidated Tariff, WN U-2, superseding and cancelling the Company’s current Tariff WN U-1;
- The Company’s completed Commission General Rate Case (“GRC”) checklist;
- The Company’s completed Commission GRC workbook and a rate design workbook;
- Work papers, including rate design workbook, documents containing applicable income statements and balance sheets, and affiliated interest services costs; and
- Customer Notice.

Background

NW Natural Water of Washington acquired Suncadia Water in February 2020.<sup>2</sup> Suncadia Water serves over 1,500 connections throughout the year in a resort community which is located in Cle Elum, central Washington. Suncadia Water’s current rates became effective more than five (5) years ago (Docket UW-160379).

<sup>1</sup> Suncadia Water is a wholly-owned subsidiary of NW Natural Water of Washington, LLC (“NWN Water of Washington”), which is a wholly-owned subsidiary of NW Natural Water Company, LLC (“NWN Water”), which is a wholly-owned subsidiary of Northwest Natural Holding Company (“NW Holdings”). NW Natural Gas Company (“NW Natural”) is a separate, ring-fenced direct subsidiary of NW Holdings. A listing of NW Holdings’ direct and indirect wholly-owned subsidiaries is provided on Exhibit 21 of NW Holdings’ attached Form 10-K for the year ended December 31, 2020.

<sup>2</sup> See Docket UW-190953, *In the Matter of the Application of Suncadia Water Company, LLC, Applicant, for the Sale and Transfer of All Issued and Outstanding Membership Interests of Suncadia Water Company, LLC From New Suncadia, LLC, to NW Natural Water of Washington, LLC*, Order 01 (served January 9, 2020).

Mailing Address: 531 Rope Rider Drive, Cle Elum, WA 98922 Physical Address: 770 Suncadia Trail, Cle Elum, WA, 98922 Phone: (509)649-6370 Fax: (509)649-6251 water@suncadia.com	OFFICE HOURS 8:00 AM TO 4:00 PM DAILY
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### Purpose of General Rate Proceeding Filing

The purpose of this filing is to recover costs associated with water service on the Company's rate tariffs filed with the Commission. Suncadia Water is seeking cost recovery in rates because current revenues are insufficient to cover the ongoing cost of continuing to provide service that is safe, adequate and efficient, and in all respects just and reasonable, while allowing an opportunity for a reasonable return on the Company's needed capital investment.

Since its acquisition by NW Natural Water of Washington, Suncadia Water has made substantial investments in its water system and completed several key infrastructure projects that enhance service and benefit our customers. To date, this includes:

- Launching a new billing system, which allows our customers to receive letter-size bills, set up AutoPay and paperless billing, view their entire account history, and pay online.
- Installing a Geographic Information System (GIS), which reduces the time needed to find and repair leaks, resulting in much shorter water shut-off times.
- Installing a cloud-based SCADA (telemetry) system, which allows our operators to view and monitor the water system in real-time – which is critical to ensuring safe system operations.
- Installing automated meter reading (AMR) water meters that allow our operators to quickly and accurately collect meter readings, leaving more time for system maintenance and preventative maintenance to ensure uninterrupted water supply to our customers.
- Installing a “Rave Alert System,” which gives us the ability to quickly and easily notify our customers of any service interruptions, boil water orders, scheduled system maintenance, and other events.
- Installing water infrastructure for new developments in Tumble Creek, which will help support water quality for all of our Tumble Creek customers while reducing the amount of system flushing required to replace old water with fresh water in the distribution system. Moreover, water waste due to system flushing will be reduced as water turn-over in our Tumble Creek tank and water system will increase because of the higher demand.

We are also in the process of updating our Water System Plan (WSP), which looks at all aspects of the water system including system needs and how the system currently operates to continue providing safe and reliable drinking water to our customers.

### Description of Filing and Requested Rate Change

Suncadia Water has decided, in this particular case, to seek to recover its investment and necessary incremental operating expenses by phasing in new rates over a one-year period, beginning May 1, 2022, without recovering the time value of money prior to the effective date of new rates.<sup>3</sup> By phasing in rates over that period, Suncadia Water will mitigate the initial rate impact of this request by smoothing the rate change over the course of one year.

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<sup>3</sup> Suncadia Water considered requesting that new rates become effective upon 30 days' notice (see WAC 480-80-121), but doing so may not have provided sufficient information upon which the Company could notify its customers of the date certain upon which such new rates will become effective. The Company ultimately decided to request that new rates become effective on May 1, 2022. Suncadia Water made this decision because it believes that such date will provide Staff adequate time to audit the Company's books and records and its general rate proceeding filing, hold discussions with the Company about Staff's findings and ultimately reach an agreed-upon revenue requirement and rate design that will become effective by operation of law on May 1, 2022.

The Company proposes that new rates become effective in three (3) phases over the one-year period. “Phase 1” rates will become effective on May 1, 2022, “Phase 2” rates will become effective on November 1, 2022, and “Phase 3” rates will become effective May 1, 2023. As shown in the table below,<sup>4</sup> each of the three phases will implement approximately one-third of the necessary revenue increase above the \$1,568,680 of annual revenues that we collected during the test period in this general rate proceeding, plus interest.<sup>5</sup>

Phase	Effective Date	Additional Revenue	Percent Incremental Increase
1	May 1, 2022	\$268,571	17.1%
2	November 1, 2022	\$241,303	13.1%
3	May 1, 2023	\$241,303	10.3%

The Phase 1, Phase 2 and Phase 3 proposed rates and rate structure, and the resulting average monthly bills, are presented in the tables below.<sup>6</sup>

**Phase 1 Rates, Rate Structure and Average Monthly Bill (effective May 1, 2022)**

Meter Size	Base Rate	1 <sup>st</sup> Block Size (gal.)	1 <sup>st</sup> Block Rate	2 <sup>nd</sup> Block Size (gal.)	2 <sup>nd</sup> Block Rate	3 <sup>rd</sup> Block Size (gal.)	3 <sup>rd</sup> Block Rate	Avg. Monthly Bill
1"	\$38.00	5,000	\$3.50	5,001-18,000	\$5.52	Over 18,000	\$8.00	\$77.14
1.5"	\$76.00	10,000	\$3.50	10,001-36,000	\$5.52	Over 36,000	\$8.00	\$1,415.03
2"	\$121.60	16,000	\$3.50	16,001-57,600	\$5.52	Over 57,600	\$8.00	\$333.23
3"	\$228.00	30,000	\$3.50	30,001-108,000	\$5.52	Over 108,000	\$8.00	\$653.01
4"	\$380.00	50,000	\$3.50	50,001-180,000	\$5.52	Over 180,000	\$8.00	\$2,160.66
Ready to Serve	\$30.20							\$30.20

<sup>4</sup> In accordance with WAC 480-07-530(c), the net impact of all changes on the Company's total regulated revenue is an increase of \$751,178.

<sup>5</sup> Suncadia Water’s test period is the calendar year 2020.

<sup>6</sup> For the purpose of Rule 28 (Water Leak Procedures) of its Tariff, the Company is proposing to increase the pass-through consumption rate from \$0.467 per 1,000 gallons to \$0.738 per 1,000 gallons.

**Phase 2 Rates, Rate Structure and Average Monthly Bill (effective November 1, 2022)**

Meter Size	Base Rate	1 <sup>st</sup> Block Size (gal.)	1 <sup>st</sup> Block Rate	2 <sup>nd</sup> Block Size (gal.)	2 <sup>nd</sup> Block Rate	3 <sup>rd</sup> Block Size (gal.)	3 <sup>rd</sup> Block Rate	Avg. Monthly Bill
1"	\$44.00	5,000	\$4.00	5,001-18,000	\$6.14	Over 18,000	\$9.00	\$88.08
1.5"	\$88.00	10,000	\$4.00	10,001-36,000	\$6.14	Over 36,000	\$9.00	\$1,593.24
2"	\$140.80	16,000	\$4.00	16,001-57,600	\$6.14	Over 57,600	\$9.00	\$377.94
3"	\$264.00	30,000	\$4.00	30,001-108,000	\$6.14	Over 108,000	\$9.00	\$740.00
4"	\$440.00	50,000	\$4.00	50,001-180,000	\$6.14	Over 180,000	\$9.00	\$2,437.38
Ready to Serve	\$30.20							\$30.20

**Phase 3 Rates, Rate Structure and Average Monthly Bill (effective May 1, 2023)**

Meter Size	Base Rate	1 <sup>st</sup> Block Size (gal.)	1 <sup>st</sup> Block Rate	2 <sup>nd</sup> Block Size (gal.)	2 <sup>nd</sup> Block Rate	3 <sup>rd</sup> Block Size (gal.)	3 <sup>rd</sup> Block Rate	Avg. Monthly Bill
1"	\$45.00	5,000	\$4.50	5,001-18,000	\$8.26	Over 18,000	\$10.00	\$99.87
1.5"	\$90.00	10,000	\$4.50	10,001-36,000	\$8.26	Over 36,000	\$10.00	\$1,800.31
2"	\$144.00	16,000	\$4.50	16,001-57,600	\$8.26	Over 57,600	\$10.00	\$448.77
3"	\$270.00	30,000	\$4.50	30,001-108,000	\$8.26	Over 108,000	\$10.00	\$883.62
4"	\$450.00	50,000	\$4.50	50,001-180,000	\$8.26	Over 180,000	\$10.00	\$2,858.40
Ready to Serve	\$30.20							\$30.20

Suncadia Water’s New Tariff, WN U-2

Upon Suncadia Water’s WN U-2 tariff becoming effective on May 1, 2022, the Company’s current WN U-1 tariff will be superseded and cancelled. The Company’s new tariff, WN U-2, reflects the Generic Tariff (October 2021) available on the Commission’s website.

In accordance with WAC 480-80-105(3), this general rate proceeding filing includes information sufficient to determine that the proposed new consolidated WN U-2 tariff is fair, just, and reasonable.

The Company is filing its new WN U-2 tariff electronically, so the tariff sheets are being submitted without a “wet” signature. In accordance with WAC 480-80-103(4)(a) and 480-80-104(8), the person submitting this general rate proceeding filing hereby certifies that he has the authority to issue tariff revisions on behalf of Suncadia Water.

Shared Services and Common Costs

In accordance with WAC 480-07-530(i), the Company’s workpapers include information about affiliated interest services (“shared services”) and common costs that directly or indirectly affect the proposed rates, including a description and quantification of the types of costs from 2020.

Through the formation of NW Holdings on October 1, 2018, shared services are provided by NW Natural employees to NWN Water and its subsidiaries, including Suncadia Water. Common costs that may benefit the subsidiaries of NWN Water may also be indirectly assigned. An allocation of the shared services and common costs are allocated from NWN Water to Suncadia Water using allocation factors designed to equitably allocate costs among NWN Water and its affiliates. The general corporate allocator used is a Massachusetts Formula using an average of plant, operating revenues, and headcount for the preceding year-ended December 31st of the affiliates.

Provided with this filing are the 2020 Form 10-K and the third quarter 2021 Form 10-Q for NW Holdings, the holding company that enables NW Natural employees to provide shared services to NWN Water and its subsidiaries, including Suncadia Water. Those publicly available documents include income statements and balance sheets for NW Holdings.

Additional Information

Please address correspondence on this matter as follows:

Tim Smith General Manager Suncadia Water Company, LLC P.O. Box 457 Cle Elum, WA 98922 Telephone: 509.649.6370 Email: <a href="mailto:water@suncadiautilities.com">water@suncadiautilities.com</a>	Eric Nelsen Senior Regulatory Attorney NW Natural 250 SW Taylor Street Portland, OR 97204 Telephone: 503.610.7618 Email: <a href="mailto:eric.nelsen@nwnatural.com">eric.nelsen@nwnatural.com</a>	eFiling Rates & Reg. Affairs NW Natural 250 SW Taylor Street Portland, OR 97204 Telephone: 503.610.7330 Email: <a href="mailto:eFiling@nwnatural.com">eFiling@nwnatural.com</a>
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Sincerely,

Suncadia Water Company, LLC

/s/ Tim Smith

Tim Smith  
General Manager  
Suncadia Water Company, LLC  
P.O. Box 457  
Cle Elum, WA 98922  
Telephone: 509.649.6370  
Email: [water@suncadiautilities.com](mailto:water@suncadiautilities.com)

Attachments

NEW-Suncadia-GRC-Checklist-01-20-2022.pdf  
NEW-Suncadia-GRC-WN-U-2-Trf-01-20-2022.pdf  
NEW-Suncadia-GRC-Customer-Notice-01-20-2022.pdf  
NEW-Suncadia-GRC-Work-Book-Monthly-01-20-2022.xlsx  
NEW-Suncadia-GRC-Rate-Design-01-20-2022.xlsx  
NEW-Suncadia-GRC-Rate-Design-01-20-2022.pdf  
NEW-Suncadia-GRC-Affiliated-Services-01-20-2022.xlsx  
NEW-Suncadia-GRC-Affiliated-Services-01-20-2022.pdf  
NEW-Suncadia-GRC-NW-Holdings-2020-10-K-01-20-2022.pdf  
NEW-Suncadia-GRC-NW-Holdings-Q3-2021-10-Q-01-20-2022.pdf