

May 17, 2024

Washington Utilities and Transportation Commission  
Attn: Mr. Jeff Killip, Executive Director and Secretary  
621 Woodland Square Loop SE  
Lacey WA 98503-1036

Re: Rate Case UW-240151

Dear Mr. Killip:

Cascadia Water, LLC (Cascadia) has applied for a rate increase with the Washington Utilities and Transportation Commission (Commission). I am a customer of the Pederson Family Water System, acquired by Cascadia. I object to the proposed rate increase and request the Commission postpone a decision on the application to allow customers time for review.

I question some assertions made by Cascadia in their application

Cascadia asserts its proposal will "...clarify the Company's communication to its customers, ...and spread costs evenly and more broadly across each rate structure."

Cascadia presents this statement as if it's self-evident, and the assumptions on which it rests are universally accepted. In fact, there is no particular reason a larger organization would result in better communication, as anyone who has worked for a large organization can attest.

The statement that costs will be spread evenly seems to be accurate, although I question the justification for spreading costs among all the ratepayers in the system. If all ratepayers in the system share all costs, those in the the "healthier" parts of the system subsidize those where more improvements are necessary. Ratepayers in systems that were well maintained over the years will subsidize overdue maintenance and repairs in systems that were allowed to fall into disrepair. This may or may not be a good thing, but it applies a general principle to what may be a particularized and compartmentalized situation. If Cascadia inherited one or two systems with more problems, as appears to be the case by reading Cascadia's descriptions of necessary improvements, it is unfair to expect all ratepayers to share the costs of bringing the poorer systems up to par. I assume Cascadia accounted for this when it negotiated acquisition prices for individual systems. If not, the ratepayers are hardly to blame and should not be expected to make up the difference.

There are some improvements and upgrades mentioned in the proposal, although it's not clear whether some of these are already accomplished, in progress, or in the planning phase. I see acknowledgement that some improvements are necessary, even described as critical, but I don't see any specific plans and associated costs. The proposal seems to include a wish list without much information about which items are urgent and which would be merely nice to have.

"Continuing to install standby generators on most systems..." My experience suggests this may be unnecessary. Electrical power interruptions in my neighborhood are infrequent and are repaired quickly. I have never experienced an electrical outage that resulted in a long-term water supply interruption, so backup generators may be a solution without a problem. I should also point out that not all water supply interruptions are related to electrical outages. Mechanical failures are not addressed by backup generators.

The Estates system seems to require major rebuilding, including replacing a reservoir, and installing new pumps. Were these deficiencies anticipated during acquisition? If so, was the purchase price adjusted accordingly? If not, it seems inappropriate to ask the ratepayers to make up for such an oversight. The same question applies to the new reservoir and filter system for the WB Waterworks system.

The proposals for filtration remind me to mention our iron and manganese problems in the Pederson Family system. I see no plans to address this issue, and I wonder if remedies are planned, and will be covered by the proposed rate increase, or can we expect more rate increases to lower our iron and manganese levels?

In other words, Cascadia should be expected to assume responsibility for repairs and upgrades that can be reasonably predicted, and the costs should be included in the rate base, particularly if system-wide uniform rates are imposed. Cascadia justifies its proposal by citing future repairs and improvements, but it's not clear which projects will be funded by this rate increase, and which will depend on future rate increases. I would also like to know if Cascadia plans to anticipate "ordinary wear and tear" repairs and replacements as part of its basic operation, or if we can expect rate increases every time something breaks.

Many businesses operate equipment that breaks down or wears out. I believe common practice is to establish dedicated repair and replacement accounts, based on reliability data from manufacturers and users, as well as local experience. I assume Cascadia is aware of this standard practice, since Cascadia is a subsidiary of a larger utility company, but their attitude toward future replacements and upgrades seems rather casual, without much detail about what problems need to be addressed and when. The Commission needs to press for more detail about future projects, when they will occur, and how they will be funded. We need specific commitment that relate to better service from the consumer perspective, not just vague assurances and generalizations.

The applicants assert that the proposed rates are "...fair, just and reasonable." I disagree. The proposal leaves many issues unaddressed. We are facing a substantial rate increase without assurances that we will get anything in return. The Commission should postpone a determination until we have more definite answers to significant questions.

Thank you for your consideration.

Very truly yours,

Lee Shissler  
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Sequim WA 98382-9592