

Agenda Date: June 3, 2021  
Item Number: A1

**Docket:** UW-210272  
Company Name: Olympic Water & Sewer, Inc.

Staff: Jim Ward, Regulatory Analyst  
John Cupp, Consumer Protection Staff

**Recommendation:**

Take no action allowing the tariff pages filed by Olympic Water & Sewer, Inc., on April 22, 2021, to become effective June 21, 2021, in Docket UW-210272.

**Discussion**

On April 22, 2021, Olympic Water and Sewer Inc. (Olympic or Company) filed a general rate increase that would generate \$50,770 (7.4 percent) additional annual revenue. The Company claims that in addition to inflation since the last case (23 percent), there have been increases in nearly all aspects of water system operations including labor and payroll tax and benefits, materials, electricity, fuel, increased health related monitoring required by regulatory agencies, and improvements and replacements to infrastructure.

The Company's last general rate increase was effective on May 22, 2008. If the current request is approved the rates would become effective June 21, 2021. The Company serves about 1,740 customers located on a water system in Port Ludlow, Jefferson County.

The Company's last rate change became effective on April 24, 2019, as a water treatment surcharge (\$5.00 per month) in the amount of \$100,440 (14.2 percent) annually. The surcharge is set to expire June 20, 2038.

As part of this general rate case the Company will be implementing a three-block rate design by establishing a third block (over 1,800 cubic feet) to promote water efficiency (conservation). Previously the rate design had only two blocks: usage up to 1,000 cubic feet which was charged \$2.25 per 100 cubic feet and usage over 1,000 cubic feet was charged at the \$3.35 per 100 cubic feet. Ancillary charges are also being added and updated to reflect current conditions.

**Rate Comparison**

<b>Monthly Rates</b>	<b>Current Rates</b>	<b>Proposed Rates</b>
Base Charge 3/4 inch	\$18.25	\$19.25
0 to 1,000 cu ft	\$2.25 per 100 cu ft	\$2.70 per 100 cu ft
1,001 to 1,800 cu ft	\$3.35 per 100 cu ft	\$3.40 per 100 cu ft
Over 1,800 cu ft	\$3.35 per 100 cu ft	\$4.40 per 100 cu ft

Notes: cu ft = cubic feet 100 cu ft = approximately 750 gallons  
Other size meters available in the tariff.

**Average Customer Bill Comparison**

<b>Average Monthly Usage 573 Cu Ft</b>	<b>Current Rates</b>	<b>Proposed Rates</b>
Base Charge 3/4 inch	\$18.25	\$19.25
573 cu ft	\$12.90	\$15.48
Treatment Surcharge*	\$5.00	\$5.00
<b>Average Monthly Bill</b>	<b>\$36.15</b>	<b>\$39.73</b>

Notes: cu ft = cubic feet 1 cu ft = 7.48 gallons

\*The surcharge is set to expire June 20, 2038.

**Ancillary Charge Comparison**

	<b>Current</b>	<b>Proposed</b>
Reconnect Charge		
- Working hours	\$50.00	\$50.00
- After hours	\$50.00	\$85.00
Disconnect Visit Charge	N/A	\$20.00
Service Visit Charge	N/A	\$25.00
Late Payment Charge	N/A	2% Unpaid / Min \$2.50
Account Setup with Meter Reading	N/A	\$15.00
NSF Check charge	\$25.00	\$25.00
Water Availability Letter Charge	N/A	\$15.00
Backflow Inspection Visit	N/A	\$25.00/Hour Prorated
Damage & Repairs	N/A	\$55.00 /hr. + Materials
Hourly Labor (after hours)	N/A	Overtime + Materials
Seasonal Services		
Water Turn Off Per Visit	N/A	\$10.00
Water Turn On Per Visit	N/A	\$10.00

Commission staff (Staff) has completed its review of the Company's supporting financial documents, books, and records. Staff's review shows that the expenses are reasonable and required as part of the Company's operations. The Company's financial information supports the proposed revenue requirement, and the proposed rates and charges are fair, just, reasonable, and sufficient.

### **Customer Comments**

On May 4, 2021, the Company notified its customers by mail of the proposed rate increase. Staff received two consumer comments opposed to the rate increase.

### **Customer Comments**

- One customer states all utility rates are too high where they live. The pandemic has affected their income and increased water rates are not helping. The Port Ludlow Village Council has questions about the Company's reporting of affiliated interest information and would like to request more time to examine and evaluate the Company's request.

### **Staff Response**

State law requires rates to be fair, just, reasonable, and sufficient to allow the Company to recover reasonable operating expenses and the opportunity to earn a reasonable return on its investment. Commission Staff performs a thorough review of rate filings to ensure that all rates and fees are appropriate. Staff has worked to provide the Village Council with the information it seeks.

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