



Dear Director Killip,

I hope this message finds you well. I am writing to bring to your attention a critical issue concerning the substantial rate increases proposed by Cascadia Water LLC, detailed in Docket UW-240151. The proposed increases have significant implications for the residents of Island County and other affected areas, who are facing financial strain and lack of alternative water service options.

Background and Current Situation

Cascadia Water has acquired approximately twenty small rural water systems in Island County for its parent corporation, Northwest Natural Holdings (NWN) in Oregon. This has led to a monopolization of water services, leaving residents without any competitive alternatives. The issue is multifaceted and involves the following critical points:

- **Rate Increases:** Cascadia Water has proposed a base rate increase to \$103.28 per month starting June 30, 2024, up from \$49.81 per month, following a previous increase from \$22 per month in 2019. This dramatic increase has been described as 'rate shock' by Public Counsel.
- **Monopolization:** The term 'water privatization and monopolization' accurately describes the current scenario, where Cascadia Water is the sole provider, resulting in a lack of competition and choice for consumers.
- **Financial Impact:** The proposed rate increase represents over a 107% hike in monthly water bills. For a family of four, this means a minimum water bill of \$102 per month, potentially much higher with additional block rates. This is unsustainable for many households, particularly those on fixed incomes.

Specific Issues and Concerns

1. **Environmental and Community Impact:**
 - Residents in unincorporated Island County are mandated to maintain large parcels of land, contributing to the rural character and environmental health of the area. The increased water rates will severely impact their ability to maintain vegetation, prevent land erosion, and manage fire risks.
 - The rural environment, which is a significant draw for tourists, could be compromised if residents are unable to afford the water necessary to sustain their land.
2. **Lack of Transparency and Justification:**
 - The rate increases proposed by Cascadia Water lack clear justification. The company has not produced affirmative evidence to support a 12.0 percent return on equity or a cost of debt of 10.5 percent, as pointed out by the Public Counsel.
 - The Attorney General's Public Counsel has recommended that the Commission reject the Company's tariff filing due to insufficient justification and proposed a phased rate approach to mitigate rate shock.
3. **Legislative and Regulatory Gaps:**
 - The current policies and procedures for water system rate setting, established in 2002, are outdated and do not reflect the current market conditions or financial stability of companies like Cascadia Water.
 - There is a need for a comprehensive review of these policies to ensure fair, just, and reasonable rates for all water utility customers.

Request for Legislative Review

Given the complexity and far-reaching implications of this issue, we request the following actions:

1. **Extension of Hearing Date:**
 - We urge the UTC to consider an extension. This extension will allow for a thorough review of the rate increase proposal and provide time for critical DOH and UTC staff to discuss.

2. Support for Establishing a Public Utility District:
 - One potential solution is the establishment of a Public Utility District (PUD) for water in Island County. This would provide a more equitable and sustainable approach to water management and offer residents an alternative to the current monopolized system.
3. Comprehensive Legislative Review:
 - We request a legislative review of the current rate-setting policies and procedures to ensure they reflect modern market conditions and provide protections for consumers against unreasonable rate increases.

Conclusion

It is imperative that we address these rate increases with a comprehensive legislative review to ensure fairness and sustainability for all affected residents. Your support and collaboration in this matter are crucial. Thank you for your attention to this urgent issue. We look forward to your support in advocating for a fair and equitable resolution for the residents of Island County and other affected areas.

Thank you,



Clyde Shavers
State Representative
10th Legislative District