

Agenda Date: February 28, 2025
Item Number: A3

Docket: UW- 250066
Company Name: Wildwood Water Company LLC

Staff: Kelsey Hanson, Regulatory Services
Melissa Castaneda-Kerson, Consumer Protection

Recommendation

Take no action, thereby allowing tariff pages filed by Wildwood Water Company LLC, on January 30, 2025, and revised on February 14, 2025, to become effective March 1, 2025, by operation of law.

Background

On January 30, 2025, Wildwood Water Company LLC, (Wildwood or Company) filed with the Washington Utilities and Transportation Commission (Commission) Tariff revisions that would generate approximately \$38,399 (34.2 percent) additional annual revenue. The Company serves 229 customers on two systems on Whidbey Island in Island County.

Wildwood Water Company LLC is made up of two water systems, Crosswoods and Shirona. The current owner purchased it in 2017, and it was brought under regulation at that time. The Company's last rate case became effective June 1, 2020, and brought an additional revenue of \$9,967 (10.49 percent).

The Company currently has a surcharge of \$4.88 per month¹ to recover costs for an emergency pump replacement. The recovery is set up for 100 percent of the expense plus applicable charges. The surcharge must expire on February 28, 2027, or upon recovery of \$63,646.10 for principal, interest, and revenue sensitive items, whichever occurs first.

Discussion

Wildwood filed for a rate increase because of increased costs for its contract with NW Natural Water Service (NW Natural Water) and payroll increases based on the cost-of-living adjustment (COLA) increases for service years 2020-2024.

During Commission staff's (Staff) review, Staff made both adjustments up and down. Staff removed any financials that were related to the surcharge. Additionally, Staff removed approximately one fourth of the proposed payroll expenses due to having one less employee since the last rate case. Staff did allow for a 2 percent COLA for Company employees.

¹ Approved in Docket UW-210833 and amended in May 2022.

The biggest impact on this case is the contract with NW Natural Water, a subsidiary of Northwest Natural formally known as King Water. King Water was bought by NW Natural Water in 2023, negotiations were made between the Company and NW Natural Water to come up with a new contract. Staff’s review found that since 2023 the contract has doubled under the new ownership.

Staff found this reasonable because the Company does not have the required certificates to do the operations themselves. Most of the cost increase was due to increases in construction and repair activities. Additionally, NW Natural Water operates many regulated systems around the state near Whidbey Island, Island, Skagit, and Snohomish County.

The Company agreed with Staff’s proposed revised rate design and decrease in the revenue requirement to \$34,090 (34.1 percent) additional annual revenue. Staff have completed their review of the Company’s books and records and believe the Company has demonstrated the rate increase is necessary to provide its service. Staff believe the revised rates agreed upon by the Company are fair, just, reasonable, and sufficient.

Rate Comparison
¾ - Inch Metered Rates

Monthly Rate	Current Rate	Proposed Rate	Revised Rate	Percentage Rate Increase
Base rate	\$ 24.50	\$ 31.00	\$ 28.00	14.3%
Block 1 Rate	\$ 1.85	\$ 3.00	\$ 2.85	54.1%
Block 2 Rate	\$ 2.75	\$ 3.75	\$ 4.50	63.6%
Block 3 Rate	\$ 3.25	\$ 4.75	\$ 6.35	95.4%
Usage Block	Current	Proposed	Revised	
Block 1 Rate	0-500	0-500	0-500	
Block 2 Rate	501-1,000	501-1,000	501-1,000	
Block 3 Rate	>1,001	>1,001	>1,001	

- Blocks are set up to promote conservation.
- Per 100 cubic feet
- The surcharge of \$4.88 still applies and expires February 28, 2027.

Bill Increase

Monthly Rate	Current Bill	Company Proposed Bill	Staff Revised Bill
Average	\$ 35.12	\$ 48.78	\$ 45.58
Bill increase		\$ 13.66	\$ 10.46
Percent Increase		38.9%	29.8%

- The current bill is based on an annual average usage of 560 cubic feet per month.
- Company bills customers bi-monthly in arrears.

Customer Comments

On January 30, 2025, the Company notified its customers of its proposed general rate increase. Staff received two comments from customers who opposed the increase. One commenter stated the increase is a significant monthly increase because of increased costs for all other utility providers, including natural gas and electricity. The commenter also expressed concerns about a letter they received from the Company regarding missing the deadline to complete Lead Service Line Inventory and failing to report the certification to the Department of Health and the associated costs with that certification. The second commenter relayed concerns about unsuitable drinking water. Customers were provided with contact information from the Washington Department of Health. Customers were notified that they may access relevant documents about the tariff filing on the Commission's website, and that they may contact Melissa Castaneda-Kerson at Melissa.castaneda-kerson@utc.wa.gov or (888) 333-9882 with questions or concerns.

Conclusion

Take no action, thereby allowing tariff pages filed by Wildwood Water Company LLC, on January 30, 2025, and revised on February 14, 2025, to become effective March 1, 2025, by operation of law.