

**BEFORE THE WASHINGTON
UTILITIES AND TRANSPORTATION COMMISSION**

WASHINGTON UTILITIES AND
TRANSPORTATION COMMISSION

Complainant,

v.

CASCADIA WATER, LLC

Respondent.

DOCKET UW-240151

ORDER 02

PREHEARING CONFERENCE
ORDER AND NOTICE OF HYBRID
EVIDENTIARY HEARING
**(Set for February 4, 2025,
at 9:30 a.m.)**

BACKGROUND

- 1 **NATURE OF PROCEEDING.** On February 29, 2024, Cascadia Water, LLC (Cascadia Water or Company) filed with the Washington Utilities and Transportation Commission (Commission) tariff revisions that would generate approximately \$1,788,793 (75 percent) additional annual revenue.¹ The Company serves approximately 4,000 customers. The Company’s last general rate case was effective July 1, 2021, with phased-in rates.
- 2 The Company filed to keep rates separate for three of its systems; Island/Mainland, Peninsula, and Pelican Point. Commission staff (Staff) and the Company agreed to an additional revenue requirement of \$1,272,600. Breaking down the revenue requirement between the main Cascadia systems and Pelican Point the agreement is \$1,062,372 (51 percent) for Cascadia and \$222,579 (76 percent) for Pelican Point.
- 3 The Company has filed this case as they have continued to purchase water systems in Washington and make capital improvements. Washington has seen a recent transformation within the regulated water industry, where historically the companies have been predominantly small systems owned by a local person. While that can have advantages, it can also have disadvantages, such as limited capital and operating

¹ *WUTC v. Cascadia Water, LLC*, Docket UW-240151, Tariff Revisions (February 29, 2024).

experience. The Company is investing in new assets to serve their customers and employees, people who know the operating standards that apply to this industry.

4 On April 19, 2024, the Water Consumer Advocates of Olympic Peninsula (Intervenor or AOP) submitted a motion through counsel to either continue the proceeding for ninety (90) days, or in the alternative, suspend the tariff revisions and set the matter for adjudication.²

5 On June 20, 2024, Goss Lakeridge Acres Association (GLAA) submitted comments asserting that Cascadia had not shown the tariff revisions were just and reasonable, and that the requested return on equity (ROE) is unsupported. On the same day, the Commission received written comments from several other individual Cascadia customers and a petition protesting the tariff revisions from the Monterra community.

6 On June 21, 2024, the Commission received additional comments from AOP and other individual Cascadia customers requesting the Commission reject Cascadia's proposed tariff revisions. On the same day, the Commission also received comments from Public Counsel asking the Commission to reject Cascadia's tariff revisions because the requested ROE lacked affirmative support. In total, the Commission received 260 customer comments, all opposed to the tariff revisions.

7 On June 24, 2024, Cascadia submitted written responses to comments submitted by GLAA and AOP. Cascadia's responses address, point by point, dozens of concerns raised by both entities and assert that Cascadia has met its burden, and that the requested rates are fair, just, and reasonable.

8 Staff recommends that the Commission take no action and allow the revised rates to go into effect, as Staff's review found the submitted rates to be fair, just, reasonable, and sufficient.

9 This matter came before the Commission at its regularly scheduled open meeting on June 27, 2024. The Commission heard additional comments from Staff, which reiterated its recommendation. Staff noted that it had done a site inspection and worked extensively with customers and the Company throughout this process. The Commission heard from the Company who expressed that the costs the Company has incurred are needed, and that the Company has met its burden of showing the costs are prudent. The Company

² The Intervenor indicated at the August 21, 2024, Prehearing Conference that it had a name change to Water Consumer Advocates of Washington.

explained specifically why the Company undertook the rebuilding of a reservoir, which had been identified as deficient by the Department of Health. The Company also explained capital investment was needed to address failures of pumps for firefighting and the installation of filtration systems due to increasing contaminants in the water system.

- 10 The Company further replied to several Commission questions regarding the need for and prudence of capital decisions. Public Counsel provided comments expressing concern over the rate increase, the magnitude of the increase, and planned increases posing significant stress on customers. Public Counsel commented that it did not have any challenge to the prudence of investments at this time due to a lack of evidence and expertise. Public Counsel requested that the Commission require the Company to closely document improvements and alternatives in the future. Public Counsel reiterated that the rate shock in this case is excessive, and that the rates should be phased in over three years. Public Counsel further reiterated its position that the filing should be rejected because the ROE is not supported.
- 11 The Commission also heard from counsel for AOP, who asserted that the Commission should reject the tariff revisions for failure to meet its burden for the tariff revisions, or in the alternative the proceeding should be suspended for adjudication. The Commission also heard comments from several Cascadia Water customers. The customers expressed concerns that the rate increase was drastic, that there is no end to the increases in sight, and that the increases are unaffordable for retirees and those on fixed income. Customers expressed concern that the water systems are being lumped together, and that individual systems are paying costs incurred by other systems. Customers also expressed concern over the requested ROE, and that the Company has not carried its burden of proof. Further, customers expressed concern that the public record is lacking in evidence, that the Company has withheld information from the public, and that the process has lacked transparency and due process. During the open meeting, the AOP withdrew its motion for suspension.
- 12 On June 28, 2024, the Commission entered Order 01, suspending the tariffs and setting the matters for adjudication.³
- 13 **CONFERENCE.** The Commission convened a virtual prehearing conference on August 21, 2024, before Administrative Law Judge M. Hayley Callahan.

³ Order 01 (June 28, 2024).

- 14 **APPEARANCES.** Pamela J. Anderson and Byron C. Starkey, represent the Company, Lisa W. Gafken represents Staff, Tad Robinson O’Neill, Assistant Attorney General, Seattle, Washington, represents Public Counsel, Kent E. Hanson and Stephen N. Todd represent the Intervenor. Contact information for the parties’ representatives is attached as Appendix A to this Order.
- 15 **MOTION TO WITHDRAW.** Judy Endejan previously filed a Notice of Appearance dated April 16, 2024, with the Commission as counsel for the Intervenor. Ms. Endejan orally filed a motion to withdraw as the Intervenor’s counsel during the August 21, 2024, Prehearing Conference. The presiding administrative law judge granted Ms. Endejan’s motion to withdraw at the Prehearing Conference.
- 16 **PETITION FOR INTERVENTION.** Water Consumer Advocates of Washington (Intervenor) timely filed petition to intervene. Staff and the Company objected to the petition. The presiding administrative law judge allowed the parties to present their oral arguments at the Prehearing Conference. The presiding administrative law judge granted the petition to intervene at the Prehearing Conference and made it clear that the granting of the petition to intervene is subject to the condition that the Intervenor will not expand the issues of this proceeding, i.e. will not attempt to expand the issues beyond those that are identified in the initial filing dated April 19, 2024, and the complaint dated June 28, 2024. The presiding administrative law judge took Public Counsel’s advisement that the individuals named in the petition to intervene shall only participate in this proceeding as an organized group i.e., the Intervenor.
- 17 **MOTION FOR PROTECTIVE ORDER.** The Company has submitted a claim of confidentiality letter dated April 12, 2024. During the August 21, 2024, Prehearing Conference, the presiding administrative law judge verified with the Company that the April 12, 2024, letter constitutes its motion for a protective order. The Commission memorializes the granting of that request for a protective order and sets forth protective provisions in Order 03 of this docket.
- 18 **MOTION FOR MEDIATOR.** Staff’s representative requested that the Commission grant a motion to assign a mediator to this proceeding. The Commission supports the informal settlement of matters before it. The presiding administrative law judge granted the motion at the Prehearing Conference. The Commission will select an individual as the mediator for this matter and will issue a notice assigning that individual as the mediator subsequently.
- 19 **DISCOVERY.** In order to facilitate an efficient resolution to this matter, discovery will be immediately available to the parties and shall be conducted under the Commission’s

discovery rules, Washington Administrative Code (WAC) 480-07-400 – 425. The Commission urges the parties to work cooperatively together to avoid having to bring discovery matters forward for formal resolution.

- 20 **PROCEDURAL SCHEDULE.** The parties presented an agreed procedural schedule before the prehearing conference. The Commission adopts the proposed procedural schedule - which is attached to this Order as Appendix B. The parties may modify the date of the settlement conference by providing written notice to the Commission.
- 21 **DOCUMENT FILING AND SERVICE REQUIREMENTS.** Parties must file and serve all pleadings, motions, briefs, and other pre-filed materials in compliance with all of the following requirements:
- (a) Parties must submit electronic copies of all documents by 5 p.m. on the filing deadline established in the procedural schedule (or other deadline as applicable) unless the Commission orders otherwise. Parties must comply with [WAC 480-07-140\(6\)](#) in formatting, organizing, and identifying electronic files. Documents that include information designated as confidential must comply with the requirements in WAC 480-07-160 and the Protective Order in these dockets.
 - (b) Parties must submit documents electronically through the Commission's web portal (www.utc.wa.gov/e-filing). If a party is unable to use the web portal to submit documents for filing, the Commission will accept a submission via email to records@utc.wa.gov provided the email: (1) explains the reason the documents are not being submitted via the web portal, and (2) complies with the requirements in WAC 480-07-140(5)(b).
 - (c) If any of the exhibits contain information designated as confidential, parties must file an electronic copy of the redacted version in searchable PDF (Adobe Acrobat or comparable software) of each such exhibit.
 - (d) The Commission is continuing to suspend requirements for paper filings in this case for all submissions dating after the Company's initial testimony.
 - (e) Documents filed with the Commission must conform to the formatting and other requirements in [WAC 480-07-395](#) and [WAC 480-07-460](#). Further, filed documents designated as confidential must comply with the requirements in [WAC 480-07-160](#) and the Protective Order in this docket.
 - (f) Parties must electronically serve the other parties and provide courtesy

electronic copies of filings to the presiding administrative law judge (hayley.callahan@utc.wa.gov) by 5 p.m. on the filing deadline unless the Commission orders otherwise. Pursuant to [WAC 480-07-365\(2\)\(c\)](#), all electronic documents submitted to the Commission must also be delivered to all parties and the presiding administrative law judge “at the same time” that the documents are submitted to the Commission or shortly thereafter. Please note as well that failing to provide a courtesy copy to the presiding administrative law judge may result in a delayed ruling on a motion or other filing. If parties are unable to email copies, they may furnish electronic copies by delivering them on a flash drive only. **EXHIBITS FOR CROSS-EXAMINATION.** Parties are required to file with the Commission and serve all proposed cross-examination exhibits by **5 p.m. on January 28, 2025.** The Commission requires electronic copies in searchable PDF (Adobe Acrobat or comparable software). If any of the exhibits contain information designated as confidential, parties must file an electronic copy of the redacted version in searchable PDF (Adobe Acrobat or comparable software) of each such exhibit. The exhibits must be grouped according to the witness the party intends to cross examine with the exhibits.

22 **EXHIBIT LISTS.** With each submission of pre-filed testimony and exhibits, the party making the submission must include a preliminary exhibit list that identifies each submitted exhibit in the format the Commission uses for exhibit lists it prepares for evidentiary hearings. Each party must file and serve a final list of all exhibits the party intends to introduce into the evidentiary record, including all pre-filed testimony and exhibits, as well as cross-examination exhibits by **5 p.m., January 28, 2025.**

23 **CROSS-EXAMINATION TIME ESTIMATES.** Each party must provide a list of witnesses the party intends to cross-examine at the evidentiary hearing and an estimate of the time that party anticipates the cross-examination of that witness will take. Parties should not file witness lists or cross-examination time estimates but must provide them to the administrative law judge (hayley.callahan@utc.wa.gov) and the other parties by email on **January 28, 2025, by 5:00 p.m.**

24 **PUBLIC COMMENT HEARING.** The parties agreed to schedule two public comment hearings. The public comment hearing dates will be determined.

25 **NOTICE OF EVIDENTIARY HEARING.** The Commission will hold a hybrid evidentiary hearing in this docket on **Tuesday, February 4, 2025, at 9:30 am.** Parties may attend the hearing in person at the Commission’s headquarters or virtually via Zoom. To attend the hearing via Zoom, [click here to join meeting](#), or call (253) 215-8782 and enter the Conference ID: 862 0228 1533# and use the Passcode: 542096#.

26 **NOTICE TO PARTIES:** A party who objects to any portion of this Order must file a written objection within ten (10) calendar days after the service date of this Order, pursuant to [WAC 480-07-430](#) and [WAC 480-07-810](#). The service date appears on the first page of this Order, in the upper right-hand corner. Absent such objection, this Order will control further proceedings in this docket, subject to Commission review.

DATED at Lacey, Washington, and effective September 11, 2024.

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

/s/ M. Hayley Callahan _____

M. Hayley Callahan

Administrative Law Judge

APPENDIX A
PARTIES' REPRESENTATIVES
DOCKET TR-240364

PARTY	REPRESENTATIVE	PHONE	E-MAIL
Utilities and Transportation Commission Staff	Lisa W. Gafken Assistant Attorney General Office of the Attorney General Utilities and Transportation Division P.O. Box 40128 Olympia, WA 98504-0128	206-714-3551	lisa.gafken@atg.wa.gov
UTC Staff	Jeanne Roth, Paralegal		jeanne.roth@atg.wa.gov
UTC Staff	Betsy DeMarco, Paralegal		elizabeth.demarco@atg.wa.gov
Intervenor's representative	Kent Hanson 2345 Goodell Rd Freeland, WA 98249	206-919-6684	kent.hanson@gmail.com
Intervenor's representative	Stephen Todd 3845 Goldfinch Ln Clinton, WA 98536	206-660-6860	stevetodd1864@gmail.com
Public Counsel	Tad O'Neill 800 Fifth Ave., Ste 2000 Seattle, WA 98104	206-464-6595	tad.oneill@atg.wa.gov
Cascadia Water, LLC	Culley Lehman General Manager Cascadia Water, LLC P.O. Box 549 Freeland, WA 98249	360-331-7388	culley@cascadiawater.com
Cascadia Water, LLC	Eric Nelsen Northwest Natural Gas Company 220 NW Second Ave Portland, OR 97209	503-610-7618	eric.nelsen@nwnatural.com
Cascadia Water, LLC	Pamela J. Anderson Byron C. Starkey Perkins Coie LLP 10885 N.E. Fourth Street, Ste. 700 Bellevue, WA 98004-5579	425-635-1417	pjanderson@perkinscoie.com

**APPENDIX B
PROCEDURAL SCHEDULE
DOCKET TR-240364**

EVENT	DATE
Company Filing	September 26, 2024
Settlement Conference/Mediation	October 15, 2024
Staff/Public Counsel/Intervenor Response Testimony	November 20, 2024
Company Rebuttal Testimony/All Others Cross Answering Testimony	January 10, 2025
Public Comment Hearings	Date 1: TBD; Date 2: TBD
Discovery Cutoff Deadline	January 17, 2025
Cross Exhibits, estimates, errata	January 28, 2025
Evidentiary Hearing	February 4, 2025
Post-Hearing Briefs	February 25, 2025
Post-Hearing Reply Briefs	March 11, 2025
Suspension Date	May 1, 2025