

Agenda Date: April 13, 2023
Item Number: A1

Docket: UW-230132
Company Name: Olympic Water and Sewer, Inc.

Staff: Jaclynn Simmons, Regulatory Analyst
Rachel Stark, Regulatory Analyst
John Cupp, Regulatory Analyst Consumer Protection

Recommendation

To take no action by allowing tariff pages filed by Olympic Water and Sewer, Inc. in Docket UW-230132 on February 24, 2023, and as revised on April 4, 2023, to become effective April 17, 2023, by operation of law.

Background

On February 24, 2023, Olympic Water and Sewer, Inc. (Olympic Water or Company) filed with the Washington Utilities and Transportation Commission (Commission) tariff revisions that, as originally filed, would have generated approximately \$187,015 (23.3 percent). The Company was ordered to file a general rate case in Order 02 of Docket UW-190160 with an effective date no later than May 1, 2023. The Company's last general rate increase was June 21, 2021. If the current request is approved, the rates would become effective April 17, 2023. The Company provides water service to approximately 1,740 customers in Jefferson County.

Discussion

In April of 2019, the Company filed Docket UW-190160, which was a request for a special surcharge to start recovery of a water treatment plant that was required to be constructed by the Department of Health. In Order 01 of the docket a \$5.00 per month per customer surcharge was allowed to begin recovery of 70 percent of the total cost of the treatment plant which amounts to \$1,558,526. On April 14, 2022, the Company filed with the Commission in the same docket a request for decrease of the special surcharge where Order 02 revised the surcharge to lower the amount per month from \$5.00 to \$3.50. The surcharge is set to expire June 20, 2038, or upon recovery of \$1,558,526, whichever occurs first.

In both orders in Docket UW-190160 the Company was ordered to file a general rate case, order 01 states within one year after the water treatment project was completed and on-line. Order 02 states, no later than May 1, 2023. This is to allow the Company to begin recovery of the 30 percent of the project it was responsible for through general rates. This is the compliance filing per those orders.

After review of the filing, Commission staff (Staff) made adjustments to the Company's interest paid and added the 30 percent of asset costs it was responsible for as mentioned above for the surcharge.

Staff also reviewed all allocators between the water company and an affiliated sewer treatment company for total operations and ensured that the amounts in rates are correct and for water services only.

The Company asked for \$185,015 in this filing, however, after the review Staff found that the Company is entitled to a larger amount than the requested amount. Staff and the Company agreed to the original request of \$185,015 or 23.3 percent with lower revised rates than noticed to customers. The Company will file again in the future to recover the shortfall to its revenue requirement that was discovered in Staff's review. Staff's position is the rates agreed upon are fair, just, reasonable, and sufficient for the Company's current request.

¾ -inch Metered Rates

	Current Rate	Company Proposed Rate	Staff Revised Rate	Percentage Rate Increase
Base Charge	\$19.25	\$22.25	\$22.00	14.3%
Block 1	\$2.70	\$3.57	\$3.50	29.6%
Block 2	\$3.40	\$5.00	\$4.75	39.7%
Block 3	\$4.40	\$6.00	\$6.00	36.4%
Usage Blocks	Current	Proposed	Revised	
Block 1	0-1,000	0-1,000	0-600	
Block 2	1,001-1800	1,001-1,800	601-1,800	
Block 3	>1,801	>1,801	>1,801	

- Blocks are set up to promote conservation.
- Block one was lowered to be more accurate of average water usage in the winter.
- The surcharge of \$3.50 still applies and expires June 20, 2038.

Bill Increase

	Current Bill	Company Proposed Bill	Staff Revised Bill
Average	\$35.03	\$43.37	\$42.43
Bill Increase		\$8.43	\$7.43
Percent Increase		23.8%	21.2%

Customer Comments

On March 15, the Company notified its customers by mail of the proposed rate increase. Customers were notified that they may contact John Cupp with questions or concerns. Staff received one comment, opposed to the rate increase.

General Comments

A customer commented that the Company is requesting a 23.3 percent increase after receiving a 23 percent increase in 2021. In 2021, the Company said the amount of increase was due to not having raised rates in 13 years. The customer says they are aware of increased costs due to recent projects, however as a senior on a fixed income, the increase is unaffordable to them. The customer recommended the Company be audited.

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 perform a thorough review of rate filings to ensure that all rates and fees are appropriate.

Conclusion

Staff have completed their review of the Company's documentation. Staff's review shows that the tariff pages filed are reasonable and required as part of the Company's operations.

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