



March 6, 2019

Mark Johnson, Executive Director
Washington Utilities and Transportation Commission
P.O. Box 47250
Olympia, WA 98504-7250

Subject: Olympic Water and Sewer Inc. General Rate Increase

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State Of WASH.
UTIL. AND TRANSP.
COMMISSION

Dear Executive Director,

Olympic Water and Sewer Inc. (OWSI) wishes to file for general rate increase by surcharge with an effective date of April 24, 2019. We have included the following items to fully support our filing.

- 1) **Cover Letter.**
- 2) **Tariff.** The proposed tariff with a proposal effective date of April 24, 2019.
- 3) **Customer Notice.** A copy of the notice mailed to customers on March 6, 2019.
- 4) **Capital Improvement Program.** Section 13 of the current Department of Health approved water system plan. Water system plan approval letter.
- 5) **Work Papers.** The supporting work papers include:
 - a. Invoice log for consulting on treatment options.
 - b. Calculations of the treatment project loan amount including pro-forma charges, interest, state excise tax, and surcharge duration.
 - c. Public water system identification number 68700L

The proposed amount to be recovered from the customer base is 70% of the estimated cost of the project. The customer portion of the estimated \$2,200,000 project is \$1,546,794. OWSI has been approved for a loan to finance the project through the Department of Health Drinking Water State Revolving Fund. The customer base will also pay for 2.5% interest on the customer estimated construction costs \$437,653 and 1.5% tax \$29,766. The total to be recovered from the customers is \$2,014,214. The annual amount generated will be \$100,440 or 14.2% of OWSI revenue from the surcharge. The proposed surcharge is \$5.00 a month. OWSI bills will show a \$10.00 surcharge as OWSI bills bimonthly.

If approved the rates will become effective April 24, 2019. The surcharge is set to expire on June 20, 2038, or upon the repayment of \$2,014,214.



The Surcharge may be paid (within 90 days of effective date) in a **lump sum payment of \$937.87*** per customer and save interest cost of \$235.36. The payment will consist of estimated construction costs and tax.

The surcharge is the result of water quality not consistently conforming to the Washington State Department of Health standards. Facilities to remove manganese, iron, and arsenic followed by disinfection of the system will improve reliability and customer confidence of the drinking water.

Please call me at 360-437-2101 if you have any questions. The OWSI email address is 'owsi@portludlowassociates.com'.

Sincerely,

Diana Smeland

President

Olympic Water and Sewer Inc.

***Foot Note: The lump sum payment is calculated using estimated construction costs. Upon completion of the project the lump sum payment may be adjusted up or down to reflect the final cost of the water treatment project.**