

**BEFORE THE WASHINGTON
UTILITIES AND TRANSPORTATION COMMISSION**

In the Matter of the Petition of	DOCKET UW-240948
OLYMPIC WATER AND SEWER, INC.,	ORDER 01
Petitioner,	APPROVING SURCHARGE SUBJECT TO CONDITIONS
For Approval of a Surcharge for Cost Recovery of Ice Pigging	

BACKGROUND

- 1 On December 9, 2024, Olympic Water and Sewer, Inc., (Olympic Water or Company), filed with the Washington Utilities and Transportation Commission (Commission) a tariff revision that would generate \$245,000 (25 percent) in additional annual revenue. The Company proposes implementing a Cost Recovery Surcharge of \$11.53 per month for all customers for the time period of one year. The Company serves 1,772 customers located in Jefferson County. The Company’s last rate increase was approximately \$187,000 (23 percent), effective December 8, 2023.
- 2 The requested surcharge will allow the Company to collect 70 percent of the \$350,000 cost to be incurred for ice pigging which is a process done to remove iron and manganese build up throughout the system. This is to help with water discoloration and staining. The process uses an ice slurry to “scrub” the pipes of the system. The ice slurry, comprised of very small ice crystals, is pushed through the section of pipe under pressure to conduct the cleaning process. The slurry is pumped into a pipe like a liquid but moves through the pipework like a solid plug, detaching contaminants, fouling from the pipe wall, and carrying them out of the pipe entrained withing the ice pig. The surcharge as filed would recover \$245,173.92. The Company has already signed a contract for the work to be done in the year 2025.
- 3 Commission staff (Staff) reviewed the Company-provided documents and found the Company included in its calculation the cost of an estimated extra load of ice slurry which was not a part of the contract. Staff removed this amount from their calculation.
- 4 Staff discussed with the Company to carry the surcharge over a two-year period, instead of one with a carrying cost added to the remaining amount to be collected starting in year two. The reason for this suggestion is to alleviate any rate shock to

customers. Staff also recommended making available a one-time payment option for customers who don't want to pay monthly.

5 Staff and the Company agreed to a revised calculation of the surcharge to be collected over two years. The revised surcharge is \$5.66 per month in year one and \$6.20 per month in year two which includes the carrying cost of \$11,430.74. The revised calculation of the surcharge would collect \$240,647.22 in principle, \$11,430.74 in interest, resulting in a total of \$252,077.96 to be collected. A one-time payment option of \$135.81 is to be made available to customers who don't wish to pay bi-monthly. Staff believes that this structure of the surcharge would be fair, just, reasonable, and sufficient.

6 Accordingly, Staff recommends the Commission approve the surcharge filed December 9, 2020, as revised February 7, 2025, subject to the following conditions:

- (a) The surcharge must apply to all water customers served by the Company and expire on February 17, 2027, or upon recovery of \$252,077.96, whichever comes first.
- (b) The Company will provide the Commission with the date service is expected to be started within 60 days of the surcharge becoming effective.
- (c) The Company will remit funds received from the Surcharge funds to a separate account to pay off related debts.
- (d) The Company must report the following information to the Commission within 60 days of the end of each calendar quarter per WAC 480-110-455(4):
 - i. Beginning balance;
 - ii. Amounts received, detailed by source;
 - iii. Amounts spent, detailed by expense;
 - iv. Ending balance; and,
 - v. Reconciliation of the bank balance to general ledger.
- (e) The Company must provide documentation to the Commission showing debts are fully paid at the end of the 24-month period.

DISCUSSION

7 We agree with Staff that the conditions Staff proposes are reasonable and should be required to ensure the surcharge is collected and repaid in a transparent manner. The surcharge will recover from customers 70 percent of costs to be incurred for ice pigging to remove manganese and iron from the system and provides customers with the option of paying one lump sum or making twelve bi-monthly installments. We thus find that the proposed surcharge is fair, just, reasonable, and sufficient.

8 We also agree with Staff the rate increase that will cover 70 percent of the ice pigging qualifies as a “special expense” for extraordinary maintenance expenses under WAC 480-110- 455(2)(iii). Accordingly, we approve the proposed tariff revisions subject to the conditions set out in paragraph 6 above.

FINDINGS AND CONCLUSIONS

- 9 (1) The Commission is an agency of the State of Washington vested by statute with the authority to regulate the rates, rules, regulations, practices, accounts and affiliated interests of public service companies, including water companies.
- 10 (2) Olympic Water is a water company and a public service company subject to Commission jurisdiction.
- 11 (3) This matter came before the Commission at its regularly scheduled meeting on February 13, 2025.
- 12 (4) WAC 480-110-455 allows companies to file surcharge tariffs, including those for special expenses. No company may collect a surcharge, or facilities charge except by Commission order or approval.
- 13 (5) The Commission has reviewed the tariff revisions Olympic Water filed in Docket UW-240948, including related documentation.
- 14 (6) The surcharge tariff in this Docket will recover costs of ice pigging for the removal of manganese and iron from the water system necessary to improve water discoloration.
- 15 (7) After reviewing Olympic Water’s tariff revisions filed in Docket UW-240948 on December 9, 2024, and giving due consideration to all relevant matters and

for good cause shown, the Commission finds the proposed surcharge is fair, just, reasonable, and sufficient and should be approved, subject to conditions (a) through (e) set forth in paragraph 6 of this Order.

ORDER

THE COMMISSION ORDERS:

- 16 (1) Olympic Water and Sewer Inc.'s surcharge filed on December 9, 2024, as revised on February 7, 2025, is approved to become effective on February 18, 2025, subject to following conditions:
- (a) The surcharge must apply to all water customers served by Olympic Water and Sewer inc., and expire on February 17, 2027, or upon recovery of \$252,077.96, whichever occurs first.
 - (b) Olympic Water and Sewer Inc. must provide the Commission with the date service is expected to be started within 60 days of the surcharge becoming effective.
 - (c) Olympic Water and Sewer Inc. will remit funds received from the Surcharge funds to a separate account to pay off related debts.
 - (d) Olympic Water and Sewer Inc. must report the following information to the Commission within 60 days of the end of each calendar quarter per WAC 480-110-455(4):
 - i. Beginning balance;
 - ii. Amounts received, detailed by source;
 - iii. Amounts spent, detailed by expense;
 - iv. Ending balance; and,
 - v. Reconciliation of the bank balance to general ledger.
 - (e) Olympic Water and Sewer Inc. must provide documentation to the Commission showing debts are fully paid at the end of the 24-month period.
- 17 (2) This Order shall not affect the Commission's authority over rates, services, accounts, valuations, estimates, or determination of costs, on any matters that may come before it. This Order shall not be construed as an agreement to any

estimate or determination of costs, or any valuation of property claimed or asserted.

- 18 (3) The Commission retains jurisdiction over the subject matter and Olympic Water and Sewer Inc. to effectuate the provisions of this Order.

The Commissioners, having determined this Order to be consistent with the public interest, directed the Secretary to enter this Order.

DATED at Lacey, Washington, and effective February 13, 2025.

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

JEFF KILLIP
Executive Director and Secretary