

OLYMPIC
WATER AND SEWER INC.

Attachment A

April 4, 2019

David Danner, Chairman
Ann Rendahl, Commissioner
Jay Balasbas, Commissioner
Washington Utilities and Transportation Commission
1300 Evergreen Park Dr. SW
Olympia, WA 98504-7250

RE: Olympic Water & Sewer Inc. Tariff application
UW-190160 Capital Cost Recovery Surcharge

Dear Commissioners:

We have submitted our Tariff revision to apply a surcharge of \$5 per month to OWSI customers to generate funds towards the water treatment capital project. This surcharge will be recovered over 20 years to minimize the monthly amount charged to our customers.

The proposed filing for a surcharge falls within the definition of a general rate increase pursuant to WAC 480-07-505. WAC 480-07-530 lists the minimum required information the Company must provide in a general rate increase filing. This water treatment project is for new capital plant cost and does not involve operational cost or customer usage type of information. We provided information pertinent to costs associated with the proposed water treatment capital project but have not provided the remainder of the information required by the rule and request an exemption from the work paper filing requirements of WAC 480-07-530(4).

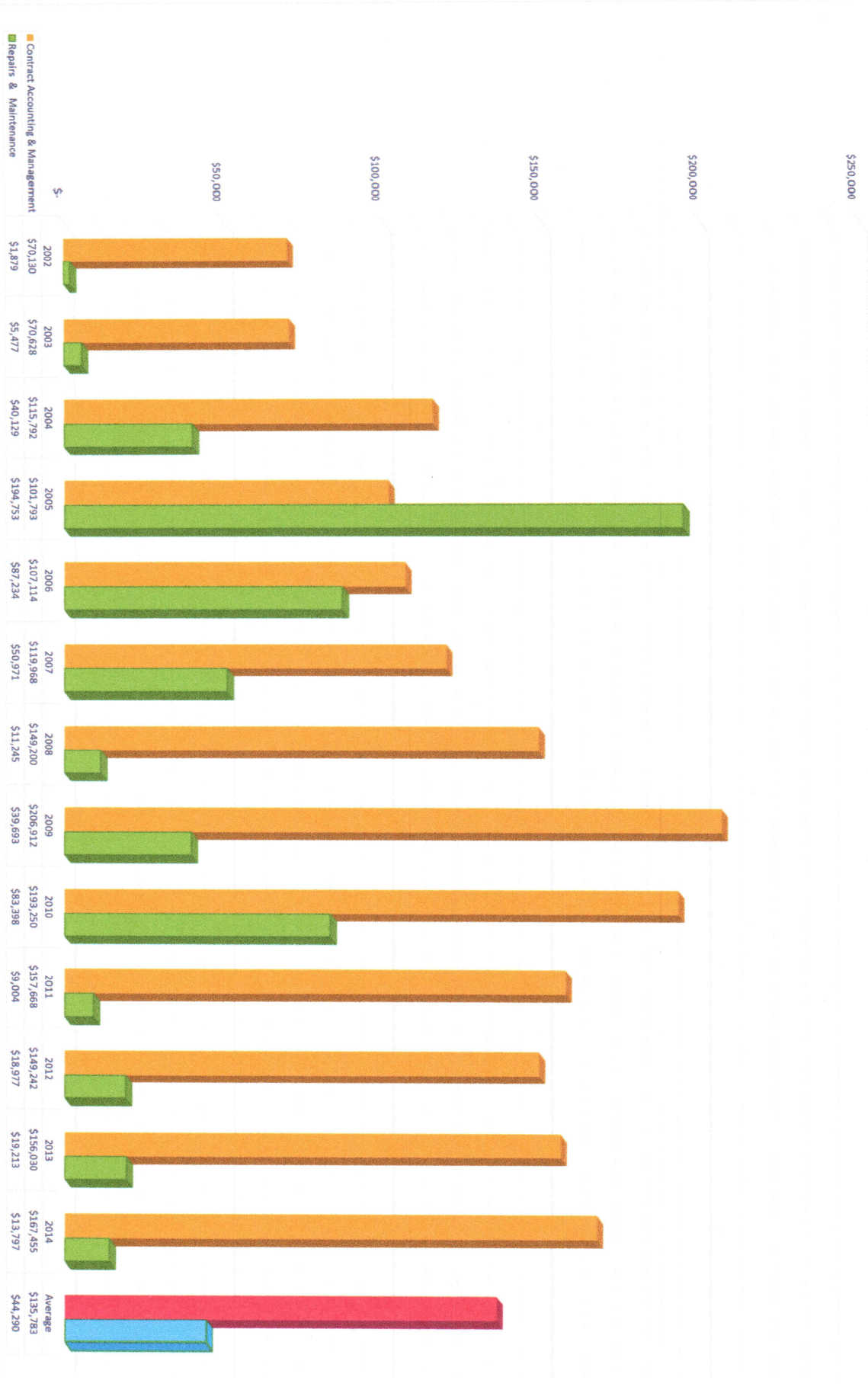
WAC 480-07-110 allows the Commissioners to grant an exemption from or modify the application of its rules if consistent with the public interest, the purposes underlying regulation, and applicable statutes.

We appreciate your consideration of this requested exemption. If you have any questions, I can be reached at dsmeland@portludlowassociates.com or 360.437.8342.

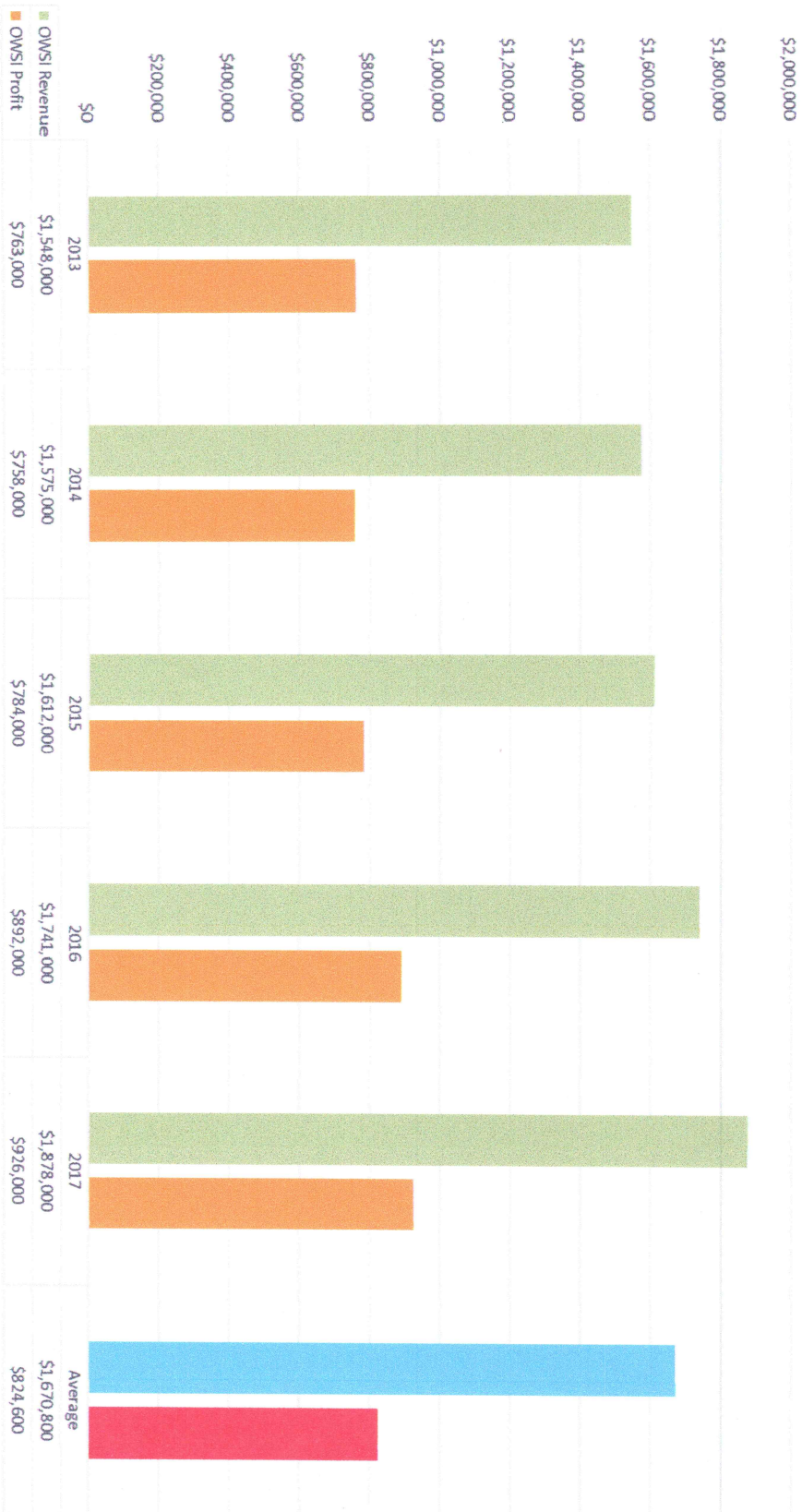
Sincerely,

Diana Smeland
President

OWSI Contract Accounting and Management versus Maintenance-Repairs

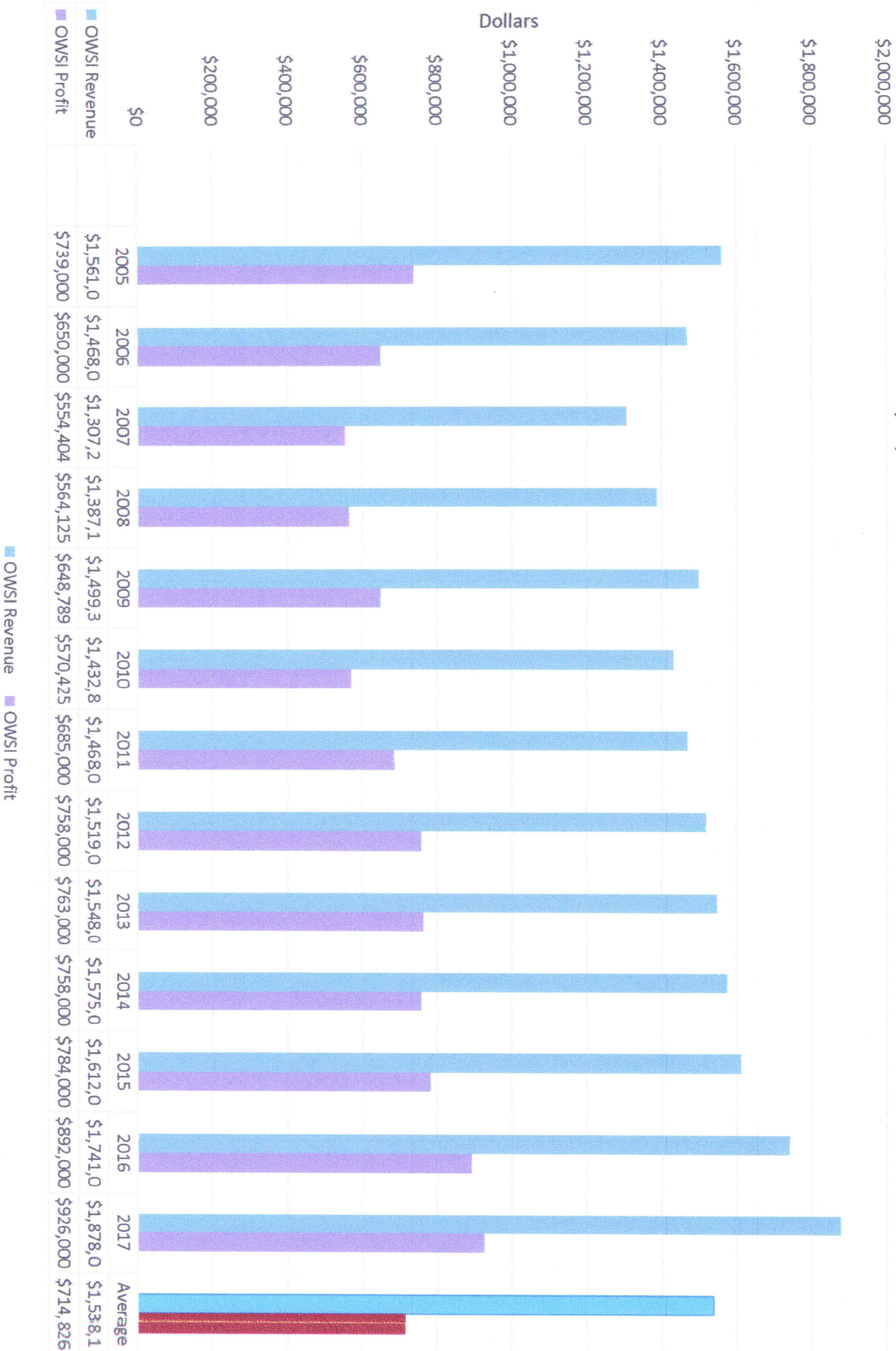


Olympic Water and Sewer Revenue verse Profit 2013-2017



■ OWSI Revenue ■ OWSI Profit

Olympic Water and Sewer Revenues versus Profit



| Port Ludlow Associates Statement Of Operations Summary | | | | | | | | |
|---|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|--|
| | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | AVERAGE | |
| Commercial Operations Income or (Loss) | \$ 663,000 | \$ 345,000 | \$ 484,000 | \$ 309,000 | \$ 327,000 | \$ 388,000 | \$ 419,333 | |
| Hospitality Services Income or (Loss) | \$ (161,000) | \$ (137,000) | \$ (332,000) | \$ (114,000) | \$ 21,000 | \$ (88,000) | \$ (135,167) | |
| OWSI Utility Operations Income or (Loss) | \$ 758,000 | \$ 763,000 | \$ 758,000 | \$ 784,000 | \$ 892,000 | \$ 926,000 | \$ 813,500 | |
| Home and Land Sales Income or (Loss) | \$ (766,000) | \$ (562,000) | \$ (321,000) | \$ 99,000 | \$ (305,000) | \$ 426,000 | \$ (238,167) | |
| Real Estate Income or (Loss) | \$ (91,000) | \$ (96,000) | \$ (93,000) | \$ (85,000) | \$ (24,000) | \$ 14,000 | \$ (62,500) | |
| Rental Property Income or (Loss) | \$ - | \$ 252,000 | \$ 146,000 | \$ 128,000 | \$ 106,000 | \$ 157,000 | \$ 131,500 | |
| | | | | | | | \$ - | |
| Sub Total | \$ 403,000 | \$ 565,000 | \$ 642,000 | \$ 1,121,000 | \$ 1,017,000 | \$ 1,823,000 | \$ 928,500 | |
| | | | | | | | \$ - | |
| Marketing Expense | | | | \$ (228,000) | \$ (238,000) | \$ (183,000) | \$ (108,167) | |
| General Admin and Other Expenses | \$ (582,000) | \$ (580,000) | \$ (606,000) | \$ (741,000) | \$ (838,000) | \$ (862,000) | \$ (701,500) | |
| | | | | | | | \$ - | |
| Sub Total Before Depreciation, Income T | \$ (179,000) | \$ (15,000) | \$ 36,000 | \$ 152,000 | \$ (59,000) | \$ 778,000 | \$ 118,833 | |
| | | | | | | | \$ - | |
| Sub Total Without OWSI Utility Operations Income | \$ (937,000) | \$ (778,000) | \$ (722,000) | \$ (632,000) | \$ (951,000) | \$ (148,000) | \$ (694,667) | |
| Before Depreciation, Income Tax | | | | | | | \$ - | |

Note: Depreciation and Taxes are already included in the Utility Operations Expenses