

Olympic Water and Sewer, Inc.
70 Breaker Lane
Port Ludlow, WA 98365

March 7, 2014

VIA ELECTRONIC FILING

Steven King, Executive Director and Secretary
Washington Utilities and Transportation Commission
1300 S. Evergreen Park Drive SW
Olympia, WA 98504-7250

Re: Olympic Water and Sewer, Inc. – Surcharge Filing for Deferred Costs
First Revision Sheet No. 2 and New Original Sheet No. 23
UTC Docket No. UW-110436

Dear Mr. King:

Pursuant to the Order Granting Accounting Petition contained in UW-110436, Order No. 01, Olympic Water and Sewer, Inc. (“OWSI”) hereby makes this filing to recover deferred costs through a general rate increase by surcharge with an effective date of April 24, 2014. On March 24, 2011 the subject docket was approved by the Washington Utilities and Transportation Commission (“UTC”) granting deferral of certain costs associated with drilling Well No. 17 and the investigation and remediation of contamination discovered while drilling that well in April of 2009.

OWSI has now exhausted its efforts to investigate and tender claims for insurance coverage and has entered into a binding settlement agreement with a third party, the former property owner, regarding site investigation and contamination costs. In material part, in addition to confirming the former property owner’s share of and contribution towards prior investigation site costs, in resolution of disputed claims, the former property owner also has now committed to take control of future site investigation, remediation of current covered contamination, enrollment of the site in the State of Washington Department of Ecology Voluntary Cleanup Program, and procurement from Ecology of a No Further Action letter at the Site, up to an expenditure of \$1,000,000. An Executive Summary of the Settlement Agreement with the third party is submitted as part of this filing.

Consistent with Order No. 01, this filing will allow OWSI to recover well drilling costs and for a share of prior site investigation costs related to environmental contamination at the site, together with accrued interest. This tariff filing permits OWSI to recover these deferred costs by temporarily increasing annual revenue an average of \$52,124.80 (7.8%) over the next approximate three years (\$4,343.66 for the next 38 months), for a total of \$165,059. This filing imposes a surcharge of \$2.70 per month (7.8% increase over average monthly bill), or \$5.40 per bi-monthly billing cycle. The surcharge is to

Steven King
March 7, 2014
Page 2 of 2

expire June 30, 2017, or upon recovery of \$165,059 cost principal plus interest charges and state excise taxes, whichever occurs first. Surcharge may be paid (within 90 days of effective date) in a one-time payment sum of \$94.19 per customer and save interest cost.

A copy of the customer notice that was mailed to OWSI's customers on March 7, 2014 is attached. Additionally, work papers supporting the tariff revision are enclosed, including the following:

1. Invoice log with calculation of interest and tax benefit;
2. Calculations of amount to be recovered including pro-forma charges, interest, state excise tax, recovery period;
3. Customer roll, identifying customers by account and meter numbers; and
4. Balance Sheet and Income Statement.

OSWI's State of Washington Department of Health Water System identification number is #68700.

Together with and support of this filing, OWSI is also submitting herewith a Petition for Waiver of Portion of WAC 480-07-530 Work Paper Filing Requirements.

If you have any questions concerning this matter, please contact me at (360) 437-2101. Our email address is owsi@portludlowassociates.com.

The undersigned certifies that he has authority to issue tariff revisions on behalf of OWSI.

Sincerely,



Larry Smith, President
Olympic Water and Sewer, Inc.

Enclosures

cc: Joseph Rehberger (via e-mail)
Jim Ward (via e-mail)