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

Subject: Olympic Water and Sewer Inc. Rate Increase

Dear Executive Director,
Olympic Water and Sewer Inc. (OWSI) respectfully submits this filing for a general rate increase proposed to take effect on April 17, 2025. OWSI's Public water system identification number is 68700L. To support this filing, we have included the following documentation.

- 1) **Cover Letter.**
- 2) **Tariff.** Proposed updated tariff pages reflecting the effective date of April 17, 2025.
- 3) **Customer Notice.** A copy of the notice to be mailed to customers on February 17, 2025. The first notice was provided at a public town hall held on October 31, 2024, at the Bay Club in Port Ludlow.

Rate Increase Justification

Olympic Water and Sewer Inc. (OWSI) is requesting a rate adjustment to address increasing operational costs and ensure the continued delivery of high-quality of service our customers.

Key factors necessitating the increase include:

- **Aging Infrastructure:** Increasing repair and maintenance costs, particularly due to failures in galvanized water service lines and fittings.
- **Declining Well Performance:** Reduced output from production wells has necessitated significant investments in engineering, exploration, and sustainable water supply efforts.
- **Rising Costs:** Inflation has substantially increased the costs of fuel, electricity, chlorine, and other essential treatment chemicals.
- **Labor Market Pressures:** To attract and retain skilled operators in a competitive labor market, OWSI has adjusted wages to maintain effective staffing.

These efforts are critical to maintaining OWSI's commitment to providing reliable and safe drinking water to our customers.

Proposed Rate Adjustments

The proposed changes include updates to the base rate, usage tiers, and service connection fees:

Rate Component	Current Rate	Proposed Rate	Impact
Base Rate (3/4 x 5/8")	\$22.00/month	\$24.50/month	Annual revenue increase of \$53,440 (+11.4%), raising total base rate revenue from \$470,272 to \$523,712. Customers will see an increase of \$102/year.
Block 1 (0–600 cu.ft.)	\$3.50/100 cu.ft.	\$4.50/100 cu.ft.	Annual revenue increase of \$82,849 (+28.6%), raising total revenue from \$289,971 to \$372,820. Average customer cost increase: \$71.95/year.
Block 2 (601–1,200 cu.ft.)	\$4.75/100 cu.ft.	\$5.50/100 cu.ft.	Decrease in annual revenue by \$31,068 (-19.6%), reflecting conservation efforts.
Block 3 (>1,200 cu.ft.)	\$6.00/100 cu.ft.	\$6.50/100 cu.ft.	Annual revenue increase of \$76,134 (+64.4%). This tier represents 16% of total revenue and encourages conservation. The increase of block #3 equals 6.2% of total revenue.
Service Connection Fee	\$500	\$750	Increase reflects rising material and labor costs for meter installation, including electronic radio-read meters, meter stops, check valves, and more.

Summary,

The proposed adjustments will increase annual revenue by \$181,354 (+17.5%), raising total revenue to \$1,218,231. This increase is essential to sustaining the high-quality, reliable water service OWSI provides while addressing operational and infrastructure needs.

If you have any questions or require additional information, please contact me directly at 360-437-8342 or via email at owsi@portludlowassociates.com.

Sincerely,

Diana Smeland

Diana Smeland
 President
 Olympic Water and Sewer Inc.