



Received
Records Management
Mar 7, 2025

March 7, 2025

Washington Utilities and Transportation Commission
ATTN: Mr. Jeff Killip, Executive Director and Secretary
621 Woodland Square Loop SE
Lacey, WA 98503

Re: General Rate Proceeding Filing

Dear Mr. Killip,

Suncadia Water Company, LLC (“Suncadia Water” or the “Company”)¹ hereby files this general rate proceeding with the Washington Utilities and Transportation Commission (the “Commission”), in accordance with Washington Administrative Code (“WAC”) 480-07-530. The Company is requesting to make new rates effective May 1, 2025, that will reflect additional revenue of \$690,623, an incremental increase of 32.6%. The filing includes:

- This filing letter;
- Suncadia Water’s new Tariff, WN U-3, superseding and cancelling the Company’s current Tariff WN U-2;
- The Company’s completed Commission General Rate Case (“GRC”) checklist;
- The Company’s completed GRC and rate design workbook;
- Work papers, including documents containing applicable income statements and balance sheets, and affiliated interest services costs; and
- Customer Notice.

Background

Suncadia Water currently serves nearly 2,000 connections throughout the year in a resort community which is located in Cle Elum, central Washington. Suncadia Water’s last general rate proceeding was filed more than three years ago, on January 20, 2022 (Docket UW-220052). In that proceeding, the Commission allowed rates to go into effect on May 1, 2022, by operation of law.

¹ Suncadia Water is a wholly-owned subsidiary of NW Natural Water of Washington, LLC (“NWN Water of Washington”), which is a wholly-owned subsidiary of NW Natural Water Company, LLC (“NWN Water”), which is a wholly-owned subsidiary of Northwest Natural Holding Company (“NW Holdings”). NW Natural Gas Company (“NW Natural”) is a separate, ring-fenced direct subsidiary of NW Holdings. A listing of NW Holdings' direct and indirect wholly-owned subsidiaries is provided on Exhibit 21 of NW Holdings’ attached Form 10-K for the year ended December 31, 2024, which is available here: [Northwest Natural Holdings - Financials - SEC Filings](#).

Phone: 509-649-6370
Suncadia Utilities Team: water@suncadiautilities.com

OFFICE HOURS
9:00 AM TO 5:00 PM
MONDAY - FRIDAY

Purpose of General Rate Proceeding Filing

The purpose of this filing is to recover costs associated with water service on the Company's rate tariff filed with the Commission. Suncadia Water is seeking cost recovery in rates because current revenues are insufficient to cover the ongoing cost of continuing to provide service that is safe, adequate and efficient, and in all respects just and reasonable, while allowing an opportunity for a reasonable return on the Company's needed capital investment.

Since its last general rate case, Suncadia Water has prudently managed its operating expenses. Many of these expenses have nonetheless increased due to high inflation that is beyond the Company's control. In addition, Suncadia Water's staffing level was not meeting the demanded workload, so the Company added one full-time employee to help with system operation, maintenance, and preventative maintenance needs.

Suncadia Water also has made substantial investments in its water system and completed several key infrastructure projects that enhance service for the benefit of its customers. To date, this includes:

- Finished replacing all old residential water meters with new automated meter reading ("AMR") meters and purchased AMR meters for commercial buildings, to allow the Company's operators to quickly and accurately collect meter readings, leaving more time for system maintenance and preventative maintenance to ensure uninterrupted water supply to the Company's customers.
- Installed infrastructure for new developments in the Tumble Creek and Suncadia developments, including standby generators to improve system reliability during a power outage and for better fire flow coverage.
- Purchased equipment for hydro excavation, which is used for system repairs allowing safe digging around other buried utilities.
- Purchased two critical spare pumps to ensure minimal system downtime in the event of a pump failure.
- Implemented Elements Asset Management and Work Order software to track system maintenance/repairs and efficiently manage employees' daily work tasks.
- Purchased snow removal equipment for access to water facilities during winter months.
- Purchased two new service trucks to transport the Company's employees, equipment and tools to properly maintain and repair the system.

In accordance with WAC 480-80-105(3), this general rate proceeding filing includes information sufficient to determine that the proposed new WN U-3 tariff, effective May 1, 2025,² is fair, just, and reasonable.

² Suncadia Water considered requesting that new rates become effective upon 30 days' notice (see WAC 480-80-121), but doing so may not have provided sufficient information upon which the Company could notify its customers of the date certain upon which such new rates will become effective. The Company ultimately decided to request that new rates become effective on May 1, 2025. Suncadia Water made this decision because it believes that such date will provide Staff adequate time to audit the Company's books and records and its general rate proceeding filing, hold discussions with the Company and Public Counsel about Staff's findings and ultimately reach an agreed-upon revenue requirement and rate design that will become effective by operation of law on May 1, 2025.

Description of Filing and Requested Rate Change

As summarized above, Suncadia Water seeks recovery of its investments that are critical in maintaining safe, adequate, and reliable water service for its customers, as well as recovering incremental operating costs that have increased, including due to high inflation and an additional employee. Although this rate request is significant, it is necessary given the investments and expenses it must incur to continue to provide this essential service to customers.

Suncadia Water’s proposed rates and rate structure, and the resulting average monthly bill impact, are as follows:

Proposed Rates, Rate Structure and Average Monthly Bill (effective May 1, 2025)

Meter Size ³	Base Rate	1 st Block Size (gal.)	1 st Block Rate ⁴	2 nd Block Size (gal.)	2 nd Block Rate	3 rd Block Size (gal.)	3 rd Block Rate	4 th Block Size (gal.)	4 th Block Rate	Avg. Monthly Bill
1"	\$51.94	5,000	\$3.80	5,001-15,000	\$6.71	15,001-40,000	\$10.89	Over 40,000	\$12.60	\$112.46
1.5"	\$103.88	20,000	\$3.80	20,001-100,000	\$6.71	100,001-150,000	\$10.89	Over 150,000	\$12.60	\$2,229.72
2"	\$166.21	11,000	\$3.80	11,001-100,000	\$6.71	100,001-150,000	\$10.89	Over 150,000	\$12.60	\$597.96
3"	\$311.64	25,000	\$3.80	25,001-100,000	\$6.71	100,001-200,000	\$10.89	Over 200,000	\$12.60	\$861.52
4"	\$519.40	100,000	\$3.80	100,001-200,000	\$6.71	200,001-400,000	\$10.89	Over 400,000	\$12.60	\$3,782.31
Ready to Serve	\$51.94									\$51.94

Average Monthly Bill Impact from Proposed Rates (effective May 1, 2025)

Meter Size	Avg. Bill -- Current	Avg. Bill -- Proposed	Dollar Increase	Percentage Increase
1"	\$83.96	\$112.46	\$28.50	34%
1.5"	\$1,708.50	\$2,229.72	\$521.22	31%
2"	\$473.89	\$597.96	\$124.07	26%
3"	\$637.89	\$861.52	\$223.63	35%
4"	\$2,869.78	\$3,782.31	\$912.54	32%
Ready to Serve	\$39.00	\$51.94	\$12.94	33%

³ “Meter Size” relates to the 1-inch, 1.5-inch, 2-inch, 3-inch and 4-inch rates under Metered Rate Service (Schedule No. 1).

⁴ Per 1,000 gallons in the 1st Block Rate, 2nd Block Rate, 3rd Block Rate and 4th Block Rate.

Cost of Capital

The Company is proposing a 10.9% return on equity (“ROE”), which reflects the elevated risks that small utilities face while still being a reasonable number, significantly lower than the 12.0% ROEs that the Commission historically has authorized for water utilities. Suncadia Water is proposing to use the capital structure and cost of debt of Suncadia Water’s parent company, NWN Water, which are 66% equity, 34% debt and a cost of debt of 5.22%.

Connection Fee Per New Connection

Effective September 27, 2024, Suncadia Water implemented a Connection Fee per New Connection (“Connection Fee”).⁵ The Connection Fee (Schedule XI) applies only in plats that have unsold lots as of January 1, 2024 or plats in future phases of the Suncadia and Tumble Creek developments that have not yet been planned, platted, or constructed. The Connection Fee is \$6,900 per new connection. Proceeds from the Connection Fee are booked as Contributions in Aid of Construction (“CIAC”) that reduce the value of rate base in rate cases. Since the Company implemented the Connection Fee, it has booked \$255,300 of Connection Fees to CIAC, which has reduced the value of the rate base in this rate case by that amount. In addition, for the purpose of this rate case, the Company has assumed that it will recover another 35 Connection Fees during 2025, totaling \$241,500, and it has further reduced the value of rate base in this rate case by that additional amount.

Rate Structure

During its discussion of the Company’s last general rate case (Docket UW-220052) at the Open Meeting held on April 28, 2022, the Commission encouraged the Company to look at potentially implementing a fourth block rate to make sure that the cost of water and its conservation are appropriately placed on those that are using excessive amounts of water on Suncadia Water’s system and not on average users.⁶ In response, the Company is proposing the 4th Block Rate in this general rate case. The fourth-tier usage block and rate were developed such that not more than 12% of the amount recovered by one-inch customers would be expected to be recovered from the fourth block billing. Finally, rates and usage blocking were set such that the rate case increase was substantially similar for all meter sizes.

Suncadia Water’s New Tariff, WN U-3

The Company is filing its proposed new tariff, WN U-3, electronically, so the tariff sheets are being submitted without a “wet” signature. The Company is proposing a clean version of its new tariff WN U-3, as well as a redlined version showing revisions to its to-be-cancelled tariff WN U-2. The new tariff WN U-3 updates the rates and rate structures, adds references to the Connection Fee per New Connection (Schedule XI), and corrects two instances that should have referred to Suncadia Water. In accordance with WAC 480-80-103(4)(a) and 480-80-104(8), the person submitting this general rate proceeding filing hereby certifies that he has the authority to issue tariff revisions on behalf of Suncadia Water.

⁵ Docket UW-240714, Suncadia Water Company, LLC, Original Sheet No. 25: Connection Fee per New Connection (Suncadia WUTC Advice No. 24-01B), filed September 25, 2024.

⁶ [OM - Standard - 20220428 \(2\).mp4 | Powered by Box](#), at 1:47:14 through 1:47:34.

Shared Services and Common Costs

In accordance with WAC 480-07-530(4)(i), the Company's workpapers include information about affiliated interest services ("shared services") and common costs that directly or indirectly affect the proposed rates, including a description and quantification of the types of costs from 2024.

Through the formation of NW Holdings on October 1, 2018, shared services are provided by NW Natural employees to NWN Water and its subsidiaries, including Suncadia Water. Common costs that may benefit the subsidiaries of NWN Water may also be indirectly assigned. An allocation of the shared services and common costs are allocated from NWN Water to Suncadia Water using allocation factors designed to equitably allocate costs among NWN Water and its affiliates. The general corporate allocator used is a Massachusetts Formula using an average of plant, operating revenues, and payroll expense by affiliate for the preceding year-ended December 31st.

Incorporated within this filing is the 2024 Form 10-K for NW Holdings, the holding company that enables NW Natural employees to provide shared services to NWN Water and its subsidiaries, including Suncadia Water. That publicly available document includes income statements and balance sheets for NW Holdings and is available here: [Northwest Natural Holdings - Financials - SEC Filings](#). The Company is filing the 2024 Form 10-K for NW Holdings in this docket.

Separate Application for Deferral of Rate Case Expense

Suncadia Water will be filing a separate application for authorization to defer any rate case expense incurred in this general rate case for later amortization. Given the small size of Suncadia Water, rate case expense can be very impactful to the utility. To the extent the case is suspended for hearing and involves very active litigants, Suncadia Water requests that it recover these costs through deferred accounting.

Additional Information

Please address correspondence on this matter as follows:

Darian Osiadacz
General Manager
Suncadia Water Company, LLC
P.O. Box 457
Cle Elum, WA 98922
Telephone: 509.649.6370
Email: water@suncadiautilities.com

Eric Nelsen
Senior Regulatory Attorney
NW Natural
250 SW Taylor Street
Portland, OR 97204
Telephone: 503.610.7618
Email: eric.nelsen@nwnatural.com

eFiling
Rates & Reg. Affairs
NW Natural
250 SW Taylor Street
Portland, OR 97204
Telephone: 503.610.7330
Email: eFiling@nwnatural.com

Suncadia Water, LLC Rate Case and New Tariff

March 7, 2025

Page 6

Sincerely,

Suncadia Water Company, LLC

/s/ Darian Osiadacz

Darian Osiadacz

General Manager

Suncadia Water Company, LLC

P.O. Box 457

Cle Elum, WA 98922

Telephone: 509.649.6370

Email: water@suncadiautilities.com

Attachments

NEW-Suncadia-GRC-Checklist-03-07-2025.pdf

NEW-Suncadia-GRC-WN-U-3-Trf-CLEAN-03-07-2025.pdf

NEW-Suncadia-GRC-WN-U-3-Trf-REDLINED-03-07-2025.pdf

NEW-Suncadia-GRC-Customer-Notice-03-07-2025.pdf

NEW-Suncadia-GRC-Work-Book-Suncadia-2024-03-07-2025.xlsx

NEW-Suncadia-GRC-Affiliated-Services-03-07-2025.xlsx

NEW-Suncadia-GRC-Affiliated-Services-03-07-2025.pdf

NEW-Suncadia-GRC-NW-Holdings-2024-10-K-03-07-2025.pdf