

**BEFORE THE WASHINGTON
UTILITIES & TRANSPORTATION COMMISSION**

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION,

Complainant,

v.

CASCADIA WATER, LLC

Respondent.

DOCKET UW-240151

**CROSS-EXAMINATION EXHIBIT OF RACHEL STARK
ON BEHALF OF THE
WASHINGTON STATE OFFICE OF THE ATTORNEY GENERAL
PUBLIC COUNSEL UNIT**

EXHIBIT RS-__X

Staff Discovery Response to WCAW DR 57

February 6, 2025

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION
STAFF RESPONSE TO DATA REQUEST

DATE PREPARED: January 10, 2025 DOCKET: UW-240151 REQUESTER: WCAW		WITNESS: Rachel Stark RESPONDER: Rachel Stark TELEPHONE: 360-664-1272
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DATA REQUEST NO. 57:

Introduction to WCAC DR 32-64. These data requests refer to and incorporate by reference the following TESTIMONY OF RACHEL STARK Exh. RS -1T, p. 4.

“Q. How does Staff determine whether a cost or expense was prudently incurred?

A. Staff follows established regulatory principles and considers whether the company acted reasonably based on what the company knew, or should have known, at the time it made the decision to incur the cost. To do so, Staff looks at, among other things, whether the expense was necessary, whether the company considered alternatives, and whether the company documented its decision-making process for later review”.

These data requests relate to whether Staff applied the standard above to each of the 14 projects Cascadia identifies as “major”. See CJL 1T pp. 9-10 (hereinafter “Cascadia’s major capital improvements”. These data requests speak to all Staff efforts, not just those of Ms. Stark.

Does Staff believe the impact on customer rates should be included by Staff in its analysis of whether a cost or expense was prudently incurred?

RESPONSE:

The regulatory principles that must be met in order for costs and expenses to be included in rates protect customers against bearing imprudent costs and expenses. Staff evaluates costs and expenses against regulatory principles to calculate a revenue requirement, then designs proposed rates. Staff does not disallow costs or expenses solely based on an expenses' rate impact. However, once Staff determines what should be included in rates, based on its analysis, Staff considers the impact on customers and whether mitigation measures are needed during the rate design process.