

**BEFORE THE WASHINGTON
UTILITIES & TRANSPORTATION COMMISSION**

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION,

Complainant,

v.

CASCADIA WATER, LLC

Respondent.

DOCKET UW-240151

**CROSS-EXAMINATION EXHIBIT OF MATTHEW J. ROWELL AND
CULLEY J. LEHMAN
ON BEHALF OF THE
WASHINGTON STATE OFFICE OF THE ATTORNEY GENERAL
PUBLIC COUNSEL UNIT**

EXHIBIT MJR-CJL-__X

Cascadia Discovery Response to WCAW DR No. 34

February 6, 2025



Rates & Regulatory Affairs

UW-240151

Cascadia Water LLC Proposed General Rate Case

Data Request Response

Date of Response: 9/25/2024
Responder/Witness: Matt Rowell

Request No.: UW-240151 WCAW DR 34

Does Cascadia agree it would be appropriate to recognize the potential availability of low interest loans from Washington's DWSRF in assessing cost of debt for purposes of calculating rate of return? If not, why not?

Response:

No. Since the DWSRF relies on federal funding, loans obtained through it must comply with multiple federal regulations that impact the cost of a project. For example, the Davis-Bacon Act requires that all employees of any contractor that works on a project funded through the DWSRF be paid at a certain level. Additionally, the American Iron and Steel (AIS) provision requires Clean DWSRF recipients to use iron and steel products that are produced in the United States. Compliance with provisions such as these requires extensive paperwork on the part of contracts. Thus, these requirements can significantly drive up the cost of projects. So, while some money may be saved on interest expense, it is offset by increased costs elsewhere. Simply looking at interest rates available through the DWSRF would not provide a full picture of the cost impact of utilizing the DWSRF.