

To: WA UTC consumer@utc.wa.gov

20 May 2024

WA Public Counsel utility@atg.wa.gov

Subject: Cascadia Water Rate Request Docket# 240151

Northwest Natural Holding (NWN) is listed on the New York Stock Exchange. It is a for profit, private utility company paying dividends of \$1.97 in 2023. It is the parent company of Northwest Natural Water, Northwest Gas and Cascadia Water, utility companies operating in WA.

The costs of purchasing and consolidating unlike rural well water systems, with some in disrepair, should fall on Cascadia and NWN, not rate payors. It was stated on the 15 May 24 zoom that the WA UTC does not regulate companies outside of WA. When profits from private water companies leave the state, how does that factor into rate increases? Can fair and equitable water rates be determined without considering the cost of providing water to each system?

The rural Island County water systems Cascadia purchased have two commonalities, groundwater drawn from local wells/aquifers and a monopoly on water service.

Did Cascadia use a cost-based pricing model to determine the rate charge for water services? If not, what process was used? How do I get information about Cascadia salaries, bonuses paid to Cascadia, purchases made and how the previous rate increase was used by Cascadia?

Are water rate change increases meant for private companies to purchase and expand water systems? i.e. Cascadia buys a small rural water system fifty miles from Tel One. This water system has very different maintenance needs, a larger population and Cascadia plans to provide new equipment for the system. The cost to deliver water is much higher for this group. Is it fair to charge non users of this system the same fee as the users benefitting?

Instead of charging each of the TEL groups for the cost of water service, plus 12-15% profit, the proposed base rate increase charges all users for Cascadia's continued purchases of water systems and their maintenance/repair of unrelated, unconnected water systems.

The purchase and consolidating of Cascadia water systems for computerized billing makes sense. Rates should be individual for each Tel based on the individual system cost of providing water service/maintenance and fair profit. Billing all users the same for varied water service is disproportionate, unfair, and ignores the affect rising prices have on the citizens of WA.

"NW Natural Water takes system reliability and security seriously. Having operated the water system since 1988, I'm more confident than ever that we have the capital, technical and regulatory resources to support our rapidly expanding service territory."

"Our corporate profile is strong and our financial backing is steady. NW Natural Holdings has funding capacity and can provide capital investment for maintenance, upgrades, and growth, including new technologies and innovative materials to create next-generation infrastructure. We also have the ability to scale and can provide administrative support to ensure a smooth-running operation." NWN

Water and Holdings website

Why isn't NWN providing Cascadia the finances for expansion and repairs? County, state, and federal agencies have funding for improving water services. Cascadia knowingly bought water systems needing repairs, under NWN, to provide current and future profits for shareholders. Public-private partnerships are more responsive, reliable, and cost-effective than private water companies. Corporate profits, dividends, and income taxes can add 20 to 30% to operation and maintenance costs. Is it possible the state should revisit the privatization of rural water systems? What WA State agency/department determines utility privatization and reviews the success or failure?

In 2018, the Lehman's sold their small, rural water system to Northwest Natural Holding in Portland, Oregon. It was reformed as Cascadia Water. Prior to and during the pandemic, Lehman's Cascadia purchased water systems from rural owners in Island County and the Olympic Peninsula. Lehman requested a 50% increase in the base rate for maintenance and repairs in 2020/21.

The Cascadia peninsula water systems were irate when the initial rate increase included them paying for Island County water services. They are now separate from Cascadia - Island County and Cascadia "Peninsula" paying half of island County rates. (I believe Island County and the peninsula water systems are separate charges based on the UTC zoom on May 15, 2024). There is a 2021, lengthy letter on the UTC website, from peninsula water users, stating they should not be paying for Island County upgrades and why.

Cascadia has purchased and operates multiple distinct water systems, each of which has its own community with unique needs in Island County. By structuring the rate increase as a single request, this fundamental fact is ignored.

Consolidating unlike rural water systems, serving a variety of unconnected wells, was a choice Cascadia/NWN made and they should be responsible for providing external financing to make purchases and improvements.

For example:

The outline of reasons for the rate increase, includes multiple maintenance items that impact only one of the many systems that Cascadia operates. These include the major overhaul of the CAL waterworks, consolidation of the Del Bay system, extension of the Bacus Road system, adding chlorine analyzers on Pelican Point, the new reservoirs for the Estates system and WB Waterworks, installation of disinfection on the Rolf Bruun system and the new well on the Sea View system. Clearly, these items at the very least, should be one time assessments to that particular water system's users.

We are rural, individual homes, with very different geology, compared to other parts of the island. Our Tel One neighborhood has been established for 30+ years. How is it possible the previous owner/managers of Lehman Bros, now the current managers of Cascadia, can charge all users for repairs that are significantly disconnected from other systems, in unrelated parts of the island, caused by unplanned maintenance or new water system purchases?

Five years ago, our Lehman Bros water bill was \$44 bi-monthly. The Cascadia rate increase to \$49 a month (over two years) seemed fair in 2021. My spouse and I are senior citizens on a fixed income. The current, unanticipated water service rate increase will cause us to reduce other costs such as food, medications, gas, warmth in winter, and not planting a small vegetable garden to supplement produce costs. The amount of water supplied for a base rate is not available. The penalty and amount for using more water seasonally is not explained.

We are elderly, on a fixed income. Our housing and utility costs are 60% of our retirement income. Utility companies can increase rates, at a minimum, once a year. The trend for Cascadia increases means by 2026 we will be paying \$250-300 a month for water services, receiving adequate household water, and sporadic minimal water testing. There is no two year or five year water plan for Cascadia water service available. (the \$50,000 cost was factored into our 2021 rate increase).

How do I obtain a copy of the report UTC staff wrote after spending two days visiting Cascadia Water on Whidbey? Any questions UTC staff can answer, prior to the UTC Commissioner meeting, would be appreciated. Please include this letter in UTC June meeting packet. Thank you,

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