

**BEFORE THE WASHINGTON STATE  
UTILITIES AND TRANSPORTATION COMMISSION**

WASHINGTON UTILITIES AND  
TRANSPORTATION  
COMMISSION,

Complainant, v.

CASCADIA WATER, LLC,

Respondent.

DOCKET UW-200979

ORDER 01

ALLOWING RATES TO GO INTO  
EFFECT JULY 1, 2021, SUBJECT TO  
CONDITION

**BACKGROUND**

- 1 On December 8, 2020, Cascadia Water, LLC, (Cascadia or Company) filed a general rate case with the Washington Utilities and Transportation Commission (Commission) that would generate approximately \$418,000 (69.4 percent) in additional annual revenue. The Company proposes to increase rates over three phases, effective April 1, 2021 (23.1 percent), October 1, 2021 (18.8 percent), and April 1, 2022 (15.8 percent). Each of the three phases would incrementally increase revenues by \$139,549. The Company serves approximately 1,750 customers on two water systems in Clallam County on the Olympic Peninsula, the Estates and Monterra systems, referred to as the Peninsula water systems, and 12 water systems located in Island County, referred to as the Island or Whidbey Island systems.
- 2 Commission staff (Staff) reviewed Cascadia's filing and found the Company's initial revenue requirement was overstated. Staff submits that the Company now agrees to a revised revenue requirement of approximately \$325,531 (53.5 percent) in additional annual revenue (revised additional annual revenue requirement).
- 3 Staff recommends that the Commission approve the Company's revised additional annual revenue requirement because the Company has demonstrated that the revised additional annual revenue requirement results in rates that are fair, reasonable, just, and sufficient.
- 4 Staff also recommends that the Commission approve the Company's request for a single tariff rate for the water systems under the Company's ownership. Cascadia proposes to consolidate its separate rate structures for each water system and to offer

one unified set of rates across all the water systems owned by the Company, as reflected in the Company's proposed tariff WN-U1.

5 On December 15, 2020, the Company notified customers by mail of the proposed rate increase. Staff received 110 customer comments regarding the proposed rate increase, 107 of which were opposed.

6 On January 8, 2021, the Company mailed revised notices to customers on the Sea View and Estates water systems to clarify the proposed rate increase. Staff did not receive any customer comments in response to these notices.

7 On May 17, 2021, Cascadia filed replacement tariff pages reflecting the revised revenue requirement and rate design based on its discussions with Staff.

8 On May 20, 2021, the Commission considered this matter at its regularly rescheduled open meeting. Staff presented its recommendation to approve the Company's revised additional annual revenue requirement. The Public Counsel Unit of the Attorney General's Office (Public Counsel) presented its recommendation to approve the revised additional annual revenue requirement but to phase in the rate increase over a longer period of time. Finally, the Commission heard comments from customers, who submitted that the revenue increase was too high and that a longer phase-in was more appropriate. All customers on the Peninsula systems who commented in this proceeding advocated for a split tariff, submitting that they should not be required to pay for capital improvements to the Island systems.

9 The Company further extended the effective date of its tariff sheets to allow for discussion and review. On May 27, 2021, Cascadia filed replacement tariff pages, extending the effective date of its proposed tariffs until July 1, 2021, and subsequently filed replacement tariff pages on June 21, 2021, reflecting the revised rate design as outlined in Staff's Memo 02.<sup>1</sup>

10 On June 24, 2021, the Commission again considered the Company's general rate case at its regularly scheduled open meeting. The Commission considered additional comments from Staff, Public Counsel, and Company customers, particularly with regard to the phase-in of the rate increase and the proposal for a split tariff.

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<sup>1</sup> The Company did not extend the effective date of certain tariff sheets, such as Sheet No. 20-A, which are not relevant to this Order.

**DISCUSSION**

- 11 The Commission agrees with Staff's recommendation in part and finds that Cascadia's revised additional annual revenue requirement results in rates that are fair, just, reasonable, and sufficient.
- 12 Based on customer comments and concerns, however, we decline to approve a single tariff pricing rate structure. Cascadia is required to collaborate with Staff to reallocate costs appropriately between customers of Cascadia's Peninsula and Island water systems, and to calculate revised tariff rates, to reflect separate rates for the Peninsula and Island systems, based on the results of this analysis. Due to the unique circumstances in this case, it is reasonable and appropriate that customers on Cascadia water systems near Sequim, in Clallam County, i.e., the Peninsula systems, should not at this time be required to pay tariff rates that include capital improvements to the systems located on Whidbey Island. While the Commission finds that single tariff pricing is, as a general matter, beneficial to all customers, we recognize the strong opposition to single tariff pricing by many of the company's customers in the Sequim area, and their concerns about the costs of future capital improvements on Whidbey Island relative to those on the Olympic Peninsula. Accordingly, we approve the proposed revenue requirement subject to the condition that the Company file revised tariff pages consistent with this decision. The Commission will consider Cascadia's replacement tariff pages at a recessed open meeting set for 12:00 p.m. on Wednesday, June 30, 2021.
- 13 The decision today does not preclude the Company from requesting single tariff pricing, or the Commission from considering the appropriateness of single tariff pricing, in future proceedings involving Cascadia.

**FINDINGS AND CONCLUSIONS**

- 14 (1) The Commission is an agency of the State of Washington vested by statute with the authority to regulate rates, regulations, practices, accounts, and affiliated interests of public service companies, including water companies.
- 15 (2) Cascadia is a water company and a public service company subject to Commission jurisdiction.

- 16 (3) This matter came before the Commission at its regularly scheduled meetings on May 20, 2021, and again on June 24, 2021.
- 17 (4) Cascadia has demonstrated that the revised additional annual revenue requirement results in rates that are fair, just, reasonable, and sufficient.
- 18 (5) The revised revenue requirement and resulting rates should be allowed to go into effect by operation of law on July 1, 2021, subject to the condition that Cascadia files revised tariff pages with separate rates for the Peninsula and Island systems, reflecting the allocated costs between systems, as discussed in paragraph 12 of this Order.
- 19 (6) The Commission should consider the revised tariff pages at a recessed open meeting on June 30, 2021.

**ORDER**

**THE COMMISSION ORDERS:**

- 20 (1) The tariff revision filed by Cascadia Water, LLC, in this docket on December 8, 2020, and revised most recently on June 21, 2021, shall become effective by operation of law on July 1, 2021.
- 21 (2) Cascadia Water, LLC, is required to file replacement tariff pages on or before 5 p.m. on Monday, June 28, 2021, consistent with paragraphs 12 and 18 of this Order.
- 22 (3) The Commission will consider Cascadia Water, LLC's replacement tariff pages at a recessed open meeting set for 12:00 p.m. on Wednesday, June 30, 2021.

- 23 (4) This Order shall not affect the Commission's authority over rates, services, accounts, valuations, estimates, or determination of costs, on any matters that may come before it.

DATED at Lacey Washington, and effective June 28, 2021.

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

DAVID W. DANNER, Chair

ANN E. RENDAHL, Commissioner

JAY M. BALASBAS, Commissioner