

Agenda Date: June 30, 2021
Item Number: A2

Docket: UW-200979
Company Name: Cascadia Water, LLC

Staff: Greg Hammond, Regulatory Analyst
Jim Ward, Regulatory Analyst
John Cupp, Consumer Protection Staff

Recommendation:

Take no action, thereby allowing the tariff pages filed by Cascadia Water, LLC, on December 8, 2020, as revised on June 29, 2021, to become effective July 1, 2021, by operation of law.

Background

This memo is an update to Staff's memo of May 20, 2021, and June 24, 2021.

On December 8, 2020, Cascadia Water, LLC (Cascadia Water 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. To mitigate rate shock, the Company's initial proposal would 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).

After analysis and adjustments, Commission Staff (Staff) found the Company's requested revenue was overstated. Staff and the Company have agreed to a revised revenue requirement of approximately \$325,531 (53.5 percent) in additional annual revenue. The Company serves approximately 1,750 customers on two water systems located near Sequim in Clallam County and 12 water systems located on Whidbey Island in Island County.

Update

This item was presented at the May 20, 2021, and again at the June 24, 2021, open meeting. At these meetings Staff presented its results of the review of Cascadia's general rate filing and recommended, with company agreement, a reduced revenue requirement and a 4-phase, single tariff pricing recommendation.

After customer comments and review by the Commissioners it was decided that split tariff rates should be determined and presented for review. Decided at this open meeting was that the revenue requirement of \$325,531 was approved. Staff and the company were directed to devise rates for the Monterra and Estates systems together, and separate rates for the remainder of the systems (located on Whidbey Island) owned by Cascadia. These rates were to be determined based on the allocation and separation of costs between the island and peninsula systems.

The Company and Staff have agreed to a 4-phase, split tariff rate design that will generate the same overall revenue requirement of \$325,531. Split tariff pricing would set the revenue requirement for the Peninsula rate design at \$103,684 and the revenue requirement for the Island rate design at \$221,847.

Peninsula Rates Design - split tariff pricing with Peninsula Usage

Customers = 661		<u>Base/RTS</u>	<u>Block 1</u>	<u>Rate 1</u>	<u>Block 2</u>	<u>Rate 2</u>	<u>Block 3</u>	<u>Rate 3</u>	<u>Unmetered</u>
7/1/2021	Phase 1	20.00	500	0.75	1,275	1.15	1,276	1.60	28.40
12/1/2021	Phase 2	21.00	500	1.00	1,275	1.50	1,276	2.00	32.07
6/1/2022	Phase 3	22.50	500	1.00	1,275	2.00	1,276	2.50	35.82
12/1/2022	Phase 4	24.00	500	1.00	1,275	2.00	1,276	2.95	38.46

Island Rates Design - split tariff pricing with Island Usage

Customers = 1,113		<u>Base/RTS</u>	<u>Block 1</u>	<u>Rate 1</u>	<u>Block 2</u>	<u>Rate 2</u>	<u>Block 3</u>	<u>Rate 3</u>	<u>Unmetered</u>
7/1/2021	Phase 1	22.00	500	1.50	1,000	2.50	1,001	3.80	35.26
12/1/2021	Phase 2	24.00	500	1.80	1,000	3.10	1,001	4.25	39.62
6/1/2022	Phase 3	26.00	500	2.25	1,000	3.40	1,001	4.50	43.74
12/1/2022	Phase 4	29.35	500	2.25	1,000	3.50	1,001	4.50	47.04

The company has filed revised tariff pages on June 29, 2021.

Conclusions

Staff believes that the agreed upon revised split tariff rates should be allowed to go into effect in the proposed four phases and split tariff pricing be implemented for this generate rate case, noting that in the future a single tariff pricing may be considered again.

Recommendation:

Take no action, thereby allowing the tariff pages filed by Cascadia Water, LLC, on December 8, 2020, as revised on June 29, 2021, to become effective July 1, 2021, by operation of law.

Attachment 1

Cascadia Water, LLC
 UW-200979
 Split Rate Design

Peninsula Rates Design - to split tariff pricing with Peninsula Usage

Customers = 661		Base/RTS	Block 1	Rate 1	Block 2	Rate 2	Block 3
7/1/2021	Phase 1	20.00	500	0.75	1,275	1.15	1,276
12/1/2021	Phase 2	21.00	500	1.00	1,275	1.50	1,276
6/1/2022	Phase 3	22.50	500	1.00	1,275	2.00	1,276
12/1/2022	Phase 4	24.00	500	1.00	1,275	2.00	1,276

Island Rates Design - to split tariff pricing with Island Usage

Customers = 1,113		Base/RTS	Block 1	Rate 1	Block 2	Rate 2	Block 3
7/1/2021	Phase 1	22.00	500	1.50	1,000	2.50	1,001
12/1/2021	Phase 2	24.00	500	1.80	1,000	3.10	1,001
6/1/2022	Phase 3	26.00	500	2.25	1,000	3.40	1,001
12/1/2022	Phase 4	29.35	500	2.25	1,000	3.50	1,001

<u>Rate 3</u>	<u>Unmetered</u>
1.60	28.40
2.00	32.07
2.50	35.82
2.95	38.46

<u>Rate 3</u>	<u>Unmetered</u>
3.80	35.26
4.25	39.62
4.50	43.74
4.50	47.04