

Agenda Date: June 27, 2024  
Item Number: A1

**Docket:** UW- 240151  
Company Name: Cascadia Water LLC

Staff: Rachel Stark, Regulatory Services  
Scott Sevall, Regulatory Services  
Melissa Castaneda-Kerson, Consumer Protection  
Andrew Roberts, Consumer Protection  
Kris Irelan, Consumer Protection

### **Recommendation**

Take no action, thereby allowing tariff pages filed by Cascadia Water LLC, on February 29, 2024, and revised on June 26, 2024, to become effective July 1, 2024, by operation of law.

### **Discussion**

On February 29, 2024, Cascadia Water, LLC, (Cascadia or Company) filed with the Washington Utilities and Transportation Commission (Commission) tariff revisions that, would generate approximately \$1,788,793 (75 percent) additional annual revenue. The Company serves approximately 4,000 customers. The Company's last general rate case was effective July 1, 2021, with phased-in rates.

The Company filed to keep rates separate for three of its systems; Island/Mainland, Peninsula, and Pelican Point. Commission staff (Staff) and the Company agreed to an additional revenue requirement of \$1,272,600. Breaking down the revenue requirement between the main Cascadia systems and Pelican Point the agreement is \$1,062,372 (51 percent) for Cascadia and \$210,255 (71 percent) for Pelican Point.

Cascadia has filed this case as they have continued to purchase water systems in Washington and make capital improvements. Washington has seen a recent transformation within the regulated water industry, historically there have been a lot of very small systems owned by a local person. While that can have advantages it can also have disadvantages, such as limited capital and operating experience. Cascadia is investing in new assets to serve their customers and employees, people who know the operating standards that apply to this industry. Below is a table of the Cascadia systems.

Name	Number of systems	Customers	County or Counties
Sea View	1	190	Island
Lehman	10	904	Island
Monterra	1	185	Clallam
Estates	1	365	Clallam
Discovery Bay	1	65	Jefferson
Pelican Point	1	450	Grant
Northwest Water Systems	8	450	Island, Skagit, Snohomish
Aquarius	4	960	Clallam, Kitsap, Mason
Pederson	3	230	Clallam

The following table shows when Cascadia acquired each company since their last general rate case and each company’s last general rate case.

Company	Acquired Effective Date	Last General Rate Case Effective Date
Pelican Point	September 1, 2021	April 1, 2007
Northwest Water Service, Inc.	May 12, 2022	November 1, 2019
Aquarius Utilities	August 1, 2022	March 25, 2016
Pedersen Family, LLC	February 1, 2023	April 9, 2021

Cascadia’s previous rate case, UW-200979, was filed in December 2020 and was approved by the Commission on June 28, 2021. During that case customers voiced their concern about the initial single tariff proposal. During the review the Commission decided to have a split tariff between Island and Peninsula. In this case the Company and Staff keep that same rate design and add an additional rate. The new rate design proposed has separate rates for Island/Mainland, Peninsula, and Pelican Point, located in Eastern Washington. Pelican Point is geographically distinct from Cascadia’s systems and should have a distinct rate.

The driving factors in this rate case are outdated historical rates, operating costs, and capital invested into new assets which provide service. Pelican Point’s primary drivers are the outdated rates and operating costs given their last rate case became effective in 2007. For the Cascadia systems recovery of capital invested is the primary driver. Cascadia’s rate base is about 9.8 times greater than the previous case.

Staff has completed its review of the Company’s books and records, and believes the Company has demonstrated the rate increase is necessary to provide service. Staff believes the revised rates agreed upon by the Company are fair, just, reasonable, and sufficient.

**Rate Comparison – Island/Mainland (effective July 1, 2024)**

Monthly Rate	Current Rate	Proposed Rate	Phase 1 Rate	Phase 2 Rate	Percentage Increase
Base Rate	\$29.35	\$56.00	\$30.00	\$45.50	55%
1 <sup>st</sup> Block (usage 0-500 cubic ft.)	\$2.25	\$5.52	\$4.70	\$5.00	122%
2nd Block (usage 501-1,000 cubic ft.)	\$3.50	\$8.72	\$7.43	\$7.90	126%
3rd Block (usage over 1,001 cubic ft.)	\$4.50	\$11.04	\$9.40	\$10.00	122%

**Rate Comparison – Peninsula (effective July 1, 2024)**

Monthly Rate	Current Rate	Proposed Rate	Phase 1 Rate	Phase 2 Rate	Percentage Increase
Base Rate	\$24.00	\$44.00	\$24.00	\$32.00	33%
1 <sup>st</sup> Block (usage 0-500 cubic ft.)	\$1.00	\$2.83	\$3.77	\$3.75	275%
2nd Block (usage 501-1,000 cubic ft.)	\$2.00	\$4.47	\$5.96	\$5.93	197%
3rd Block (usage over 1,001 cubic ft.)	\$2.95	\$5.66	\$7.54	\$7.50	154%

**Rate Comparison – Pelican Point (effective July 1, 2024)**

Monthly Rate	Current Rate	Proposed Rate	Phase 1 Rate	Phase 2 Rate	Percentage Increase
Base Rate	\$26.00	\$51.00	\$26.00	\$38.00	46%
1 <sup>st</sup> Block (usage 0-750 cubic ft.)	\$0.60	\$0.68	\$1.15	\$1.30	117%
2nd Block (usage 751-4,000 cubic ft.)	\$0.70	\$1.20	\$1.35	\$1.50	114%
3rd Block (usage over 4,001 cubic ft.)	\$0.80	\$2.00	\$1.55	\$1.70	113%

**Bill compare with 500 cubic feet**

	Current	Phase 1	Phase 2	percentage phase 1	percentage phase 2
Island	\$40.60	\$53.50	\$70.50	32%	74%
Peninsula	\$29.00	\$42.85	\$50.75	48%	75%
Pelican	\$29.00	\$31.75	\$44.50	9%	53%

**Bill compare with 1000 cubic feet**

	Current	Phase 1	Phase 2	percentage phase 1	percentage phase 2
Island	\$58.10	\$90.65	\$110.00	56%	89%
Peninsula	\$39.00	\$72.65	\$80.40	86%	106%
Pelican	\$32.00	\$38.00	\$51.50	19%	61%

**Customer Comments**

On March 14, 2024, the Company notified its customers of its proposed increase for water service. Staff received 256 comments, all customers oppose the increase. Several commenters expressed concern that the increase is excessive, given the economy and inflation. Several also expressed substandard quality of water. Staff provided these commentors with information on how to connect with the Department of Health, Office of Drinking Water, within their regions.

Multiple customers note that Peninsula systems and Island Systems should be separately maintained for rate purposes.

Estates System customers expressed frustration about the ongoing construction of a new reservoir located near customer homes. Customers have stated the construction is loud and an eyesore, and that the Company has not kept them informed of the progress.

Diamond Point Beach Club, Homeowners Association, representing 80 homeowners, does not believe a rate increase is warranted because their water system does not support fire hydrants due to undersized water pipes; therefore, the fire department must transport in water to extinguish fires.

Customers were notified that they may access relevant documents about the tariff filing on the Commission's website, and that they may contact Melissa Castaneda-Kerson at [Melissa.castaneda-kerson@utc.wa.gov](mailto:Melissa.castaneda-kerson@utc.wa.gov) or (888) 333-9882 with questions or concerns.

**Conclusion**

Take no action, thereby allowing tariff pages filed by Cascadia Water LLC, on February 29, 2024, and revised on June 26, 2024, to become effective July 1, 2024, by operation of law.