



April 11, 2023

Washington Utilities and Transportation Commission  
Post Office Box 47250  
Olympia, WA 98504

Re: General Rate Increase Request  
Olympic Water and Sewer, Inc.  
WUTC Docket # 230132

Dear WUTC Commissioners,

**Summary:**

The Port Ludlow Village Council (PLVC), on behalf of the 1750 rate payers for water service in Port Ludlow, requests a delay in any decision regarding the General Rate Increase, Docket 203132, requested by Olympic Water and Sewer (OWSI) submitted on February 24, 2023, until 30 days after the relevant information has been received by the PLVC.

Public Records Requests, both to the UTC and OWSI for financial information needed to evaluate the request for a general rate increase have gone unfulfilled. OWSI is requesting a substantial 23.3% increase and indicated the last general rate increase was in 2008 implying this request is to cover a period of substantial inflationary cost increases. The fact is that OWSI had a 7.8% general rate increase in 2014 (by surcharge > 3%), a 14.2% general rate increase in 2019 (by surcharge > 3%), and a 7.4% general rate increase in 2021. If the current request is approved, OWSI will have received cumulative rate increases of 63% in the eight years since 2014, far more than the approximately 27% of cumulative general inflation over that time period. Furthermore, without the legally required detailed information about allocations of shared costs (i) between OWSI and its parent PLA (Port Ludlow Associates) and (ii) between OWSI's water utility and its unregulated sewer utility, it is not possible to determine if the requested rate increase is reasonable or not.

**Overarching Regulations:**

1. **RCW 42.56.030**-The people of this state do not delegate their authority to public servants to decide what is good for the people to know. And, if there is any conflict between the provisions of this RCW and any other act, this provision shall govern.
2. **WAC 480-07-530, listing required information for general rate proceeding filings, specifically, paragraph 4(h)** - Work papers for General Rate proceeding filing, "A schedule showing separation of revenue and expenses between regulated and unregulated operations."

## Other Relevant Regulations:

1. **RCW 80.16.010** - OWSI is a “public service company” and PLA is an “affiliated interest” of OWSI because it owns more than 5% of OWSI’s stock (it owns 100%)
2. **RCW 80.16.020 and WAC 480-110-545** - OWSI must file a summary of any affiliated interest arrangement by which PLA provides management, accounting, financial or other support services for OWSI.
3. **WAC 480-110-505** - Water companies must file an annual report by May 1<sup>st</sup> of each year.
4. **WAC 480-110-575** – requires **affiliated interest** and subsidiary transactions reports.
5. **WAC 480-07-505** – rate increases in excess of 3% of gross annual revenue are considered general rate increases.
6. **Docket UW-190160** - The 2019 Order includes a requirement that OWSI provide books, records and **allocations between its affiliates**.

## Discussion

Although the rate increase proposal was delivered to the UTC on February 24, OWSI did not advise the ratepayers nor the PLVC until March 16. Since that time, members of the PLVC have repeatedly made public record requests to the UTC for documents related specifically to the allocation of expenses between OWSI and its affiliated entities.

Docket UW-190160 in 2019 specifically required this schedule be included in the general rate increase but it has not been! Why not?

Under the WAC 480-07-530, OWSI was also required to submit a summary of that information as a part of the Work Papers, paragraph 4(h). UTC Records Management and personnel from the UTC Consumer Protection division have both advised that they either do not have or cannot find this information. They also advised that the records could not be provided while an evaluation is taking place. That seems contrary to RCW 42.56.030 and completely illogical. How can we assess whether the requested increase is fair and reasonable without receiving that legally required information?

Consequently, members of the PLVC made multiple Public Records Requests for the aforementioned information and for the 2021 Annual Report attachments for OWSI. These documents would give a summary of the Affiliated Interest Transactions and the Consolidated Balance Sheet for Port Ludlow Associates (PLA) the owner of OWSI. Again, UTC Records Management and UTC Consumer Protection personnel have been unable or unwilling to provide this information which should have been received by the UTC almost a year ago on May 1<sup>st</sup>. If it had not been submitted, should not UTC personnel demand it by now?

Since the UTC was unable to provide these documents, PLVC requested them directly from OWSI/PLA. They refused to provide any documents and said that all documents relating to the rate increase were on the UTC website. These documents are not on that website. The inability to provide documents to PLVC is a violation of RCW 42.56.030 which requires agencies to provide required documents. If these documents were never provided to the UTC, then UTC personnel should have requested them. Where are they?

The increases of 7.8% in 2014 and 14.2% in 2019 may have been termed “surcharges,” but under WAC 480-07-505 they are by definition general rate increases, as was the 7.4% increase in 2021. To the OWSI ratepayers, most of whom are retirees living largely on fixed incomes, they were significant rate increases no matter what they were called, and the ratepayers would like to know if another 23% increase is warranted. The ratepayers are entitled to receive the legally required information and to have a reasonable opportunity to review it and submit comments to the Commission, before a final decision is made. OWSI has shown no reason why implementation of such a large rate increase is urgent. There is no good reason why a final decision on the rate increase request cannot be deferred for a short time to give the ratepayers a reasonable opportunity to receive and review the requested information and to submit comments to the Commission. Any general rate increase that is ultimately approved can be made retroactive to May 1 if necessary.

The ratepayers in Port Ludlow are being asked to accept an increase which will total 63% over the last eight years. During that period inflation was approximately 27% and this appears to be unreasonable. But, without the documents which are required by state regulations (see WAC’s and RCW’s listed above), we really do not know what is reasonable. The Staff Report in 2021 indicated that staff “has worked to provide the Village Council with the information it seeks” (Report at 3), but the requested information about allocation of shared costs was not provided then, nor has it been provided now.

We respectfully request that a final decision on the current rate increase request be deferred until at least 30 days after the requested information has been provided, so that the ratepayers can have a fair and reasonable opportunity to review it and present their comments to the Commission.

Sincerely,

A handwritten signature in cursive script, appearing to read "G. David McDearmid".

G. David McDearmid, President  
Port Ludlow Village Council