

CASCADIA WATER

CASE STUDY



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A GENERATIONAL CHANGE TAKES PLACE.

For over 40 years, the Lehman family owned and operated local water utilities on Whidbey Island in Washington State. The family got their start back in 1976 when they installed their first water system, then acquired several more over the years. To date, the combined systems serve a total of 4,900 people through 1,700 connections on Whidbey Island and the Olympic Peninsula. The diverse customer base includes year-round and seasonal residents comprised of young families, retirees and military personnel.

When the owners approached retirement age, they passed down the systems to their sons, Culley and Adam Lehman and Culley's wife Amy Lehman. Once the trio assumed operations, they quickly realized the utility needed capital improvements to maintain safe and reliable service, meet changing customer demands, and adapt to growth. During the transition, NW Natural Water expressed interest in their business. "The timing was perfect," says Culley Lehman.

The Lehmans had been approached to sell before, but it never felt right. "We operate long-time family-run utilities, and we're very connected to the communities we serve," explains Culley Lehman. Because NW Natural Water's parent company, NW Natural, has a strong community-oriented reputation, the Lehmans were open to talking. Plans moved ahead and NW Natural established Cascadia Water, acquiring the Lehman's system and a neighboring system.

A family-run business evolves.

The Lehmans are actively involved in running Cascadia Water — Culley Lehman is General Manager and touches all aspects of the business, and Amy is Office Manager and handles billing and customer relations. "NW Natural Water was very open to us keeping our roles and being involved in a hands-on way — which really put us at ease," says Amy.

A SUCCESSFUL PARTNERSHIP

According to the Lehmans, working with NW Natural Water has been beneficial. "It's been great to pick up the phone and call a department for advice — whether it's an accounting or regulatory issue," says Amy Lehman. Plus, the company has access to NW Natural's utility expertise. "Since partnering with NW Natural Water, we're able to put things together in a whole new way," Culley Lehman explains. "We have shifted from being reactive to proactive."

— Amy & Culley Lehman, Cascadia Water



Amy Lehman



Culley Lehman

System-wide capital improvements.

Prior to the change in ownership, the Lehmans already had system upgrades in mind. "We really wanted to boost the operation," says Culley Lehman. Since the formation of Cascadia Water, the Lehmans now have access to NW Natural Water's larger balance sheet, which has helped them make capital improvements. For starters, they have installed back-up generators at key well sites. The new generators minimize service disruptions due to power outages, often experienced by the island's residents during the winter storm season.

Other important improvements include the following: an emergency call-out system which helps the water system get back up and running quickly after a shutdown; a SCADA (Supervisory Control And Data Acquisition) system that monitors the water system in real time; and new billing software that enables customers to pay online using credit and debit cards or autopay. "Before partnering with NW Natural Water, some of these projects were more of a dream," says Amy Lehman. "It's gratifying to watch them become a reality."

More upgrades on the horizon.

The Lehman's commitment to continuous improvement and customer service aligns with NW Natural Water's long-term approach to investing. And now that Cascadia Water has more financial resources, the Lehmans can look farther ahead and proactively plan for the future.

Currently, Culley Lehman is in the process of a master plan that outlines upgrades over the next two to five years. Within the next two years, Cascadia Water plans to install a new water filtration system on its largest system. Once installed, customers will experience improved service during peak seasons, including late spring, when irrigation and the arrival of summer residents place additional stress on the system. Longer term projects include installing new pumps, meters and wells.

"These capital improvements benefit Cascadia Water tremendously," Amy Lehman shares, "and ultimately help us help our customers."