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May 13, 2004

Danny Kermod
Washington Utilities and Transportation Commission
1300 S. Evergreen Park Drive SW
Olympia, WA 98504-7250

RECEIVED
RECORDS MANAGEMENT
04 MAY 13 PM 4:12
STATE OF WASH.
UTIL. AND TRANSP.
COMMISSION

Re: UW-040657 – Commission Order Allowing Tariff Revision - Rainier
View Water Co., Inc.

Dear Danny:

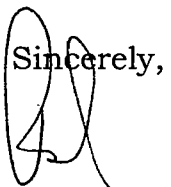
The purpose of this letter is to address a question raised by Paragraph 14 of Order No. 1 entered in this docket. The language of the Order is that “The funds received as a result of the Treatment Surcharge will be accounted for separately as Contributions in Aid of Construction....” This raises the question as to whether it would be construed that the funds from the Treatment Surcharge that are destined for operation and maintenance costs are required to reduce the Company's rate base as CIAC. Obviously, that is a result that would be harmful to the Company and its customers.

In our verbal discussion concerning this issue, you assured me that a reduction to rate base was not the intent. We both felt that it would be better to document the intent, but that this would not rise to the level of an issue that needed a formal petition for clarification of the Order.

Therefore, the purpose of this letter is to request direction from Commission Staff as to Commission Staff's position on the proper accounting to conform to the requirements of Paragraph 14 of Order No. 1 and still not result in a reduction in rate base to the Company for those portions of the Treatment Surcharge that are expended on operation and maintenance costs.

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Thank you for your attention to this request.

Sincerely,


RICHARD A. FINNIGAN

RAF/km

cc: Doug Fisher