

Law Office of
Richard A. Finnigan
2112 Black Lake Blvd. SW
Olympia, Washington 98512
Fax (360) 587-3852

Richard A. Finnigan
(360) 956-7001
rickfinn@localaccess.com

Kathy McCrary, Paralegal
(360) 753-7012
kathym@localaccess.com

October 12, 2010

VIA E-FILING

David Danner, Executive Director and Secretary
Washington Utilities and Transportation Commission
1300 South Evergreen Park Drive SW
Olympia, WA 98504-7250

Re: Docket No. UW-091770 - Rainier View Water Company, Inc.

Dear Mr. Danner:

At the open meeting of September 30, 2010, several questions were asked about Rainier View's Petition for Accounting Order. In particular, there were a number of questions related to depreciating the Lakewood contract assets in the first year. Questions were asked that implied that there must be some extra financial benefit to the Company or the owners of the Company from depreciating the Lakewood contract assets in one year.

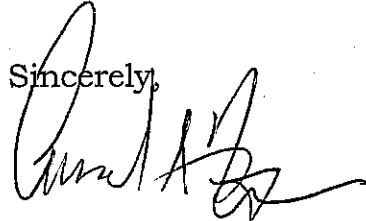
My response was that there was no benefit and that it was a neutral event from a tax consequence perspective. Although I could not give the specific reason, I did point out that it was my experience that was the effect of the acquisition of the Tacoma contract, in which the acquired asset was also depreciated in one year. That response was met with skepticism.

However, that response is correct. The reason it is correct is that contributions in aid of construction, which is how the assets under the Lakewood agreement are proposed to be acquired, are not included as income and therefore have no tax effect. In other words, if the asset is not included in income, it cannot be depreciated for tax purposes. See, 26 U.S.C. § 118.

David Danner
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I trust this clarifies this matter.

Sincerely,

A handwritten signature in black ink, appearing to read "Richard A. Finnigan", written over the word "Sincerely,".

RICHARD A. FINNIGAN

RAF/km

cc: Doug Fisher (via e-mail)
Gene Eckhardt (via e-mail)
Jim Ward (via e-mail)
Chairman Goltz (via e-mail)
Commissioner Oshie (via e-mail)
Commissioner Jones (via e-mail)