

**BEFORE THE
WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION**

In the Matter of

CASCADIA WATER, LLC

For an Accounting Order Authorizing
Deferred Accounting Treatment for Testing
and Monitoring for and Mitigation of Per and
Polyfluoroalkyl Substances

DOCKET NO. UW-_____

PETITION

1 Pursuant to WAC 480-07-370(3)(b), Cascadia Water, LLC (“Cascadia Water” or the
“Company”) petitions the Washington Utilities and Transportation Commission (the
“Commission”) for an order authorizing the deferred accounting treatment for costs that are
not currently in rates pertaining to the testing and monitoring for and mitigation of per and
polyfluoroalkyl substances (“PFAS”) in accordance with Washington Department of Health
(“DOH”) and United States Environmental Protection Agency (“EPA”) requirements and
regulations. These include all PFAS-related costs, including expense, capital and carrying
costs. Cascadia Water seeks to defer these costs from January 1, 2023, going forward, to
track and preserve them for separate ratemaking treatment. The Company will file a
proposal to amortize the deferred costs where the prudence of these costs will be reviewed.

2 In support of this Petition, Cascadia Water states as follows:

I. NAME OF PETITIONER

3 Cascadia Water is a water company and public service company doing business in the State
of Washington and is subject to the regulatory authority of the Commission as to its rates,
service, facilities, and practices.

II. COMMUNICATIONS

4 Communications regarding this Petition should be addressed to:

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III. SUPPORT FOR PETITION

A. Legal Authority

5 The Commission is vested by statute with the authority to regulate, among other things, the rates and accounts of public service companies, including water companies.¹ WAC 480-07-370(1)(b) allows public service companies to file petitions, including petitions for deferred accounting.² The Commission grants petitions for deferred accounting where “good cause” is shown.³

¹ RCW 80.01.040, RCW 80.04.160, RCW 80.28.020; *see also In the Matter of the Petition of Washington Water Service Company, Petitioner, For An Accounting Order to Defer Severe Weather Expenditure*, Docket UW-072431, Order 01 (May 15, 2008).

² *See* UW-072431, Order 01 ¶ 8.

³ UW-072431, Order 01 ¶ 12.

B. Factual Background

6 Effective January 1, 2022, the DOH established State Action Levels (SALs) for five PFAS compounds.⁴ The DOH requires Group A community and non-transient non-community (NTNC) water systems to begin monitoring for PFAS beginning January 1, 2023. Group B systems are regulated by local health jurisdictions (e.g., county public health agencies), which must adopt regulations no less stringent than those of the DOH. Cascadia Water will be sampling all of its Group A and Group B wells. Cascadia anticipates costs of over \$30,000 to test and monitor for PFAS. Cascadia Water also anticipates a capital program to mitigate the effects of PFAS, where appropriate. The EPA is expected to finalize the maximum contaminant level (“MCL”) for PFAS by the end of 2023 with a three-year compliance period, meaning water systems must comply by December 31, 2026. The estimated PFAS capital program costs will not be known until all required testing is complete and the PFAS MCL is published by the EPA.

C. Reasons for Deferral

7 Cascadia Water requires deferred accounting due to the ongoing testing and monitoring for PFAS and uncertainty over the size and scope of the PFAS capital program. Cascadia Water has already initiated (and starting incurring costs for) a PFAS testing program in accordance with DOH and EPA requirements. Also, Cascadia Water will proceed, as necessary and on a timely basis, with executing its PFAS capital program to maintain safe and compliant drinking water service for its customers. If alternative funding sources from third parties emerge to offset the costs the Company would otherwise incur, Cascadia Water would track and preserve such funds under deferred accounting treatment to ensure the benefit for

⁴ For the purposes of this petition, “PFAS” includes all pre and polyfluoroalkyl substances contemplated under both state and federal drinking water rulemakings and/or regulations.

Cascadia Water’s customers. For this reason, Cascadia Water respectfully requests to recover the incremental costs through deferred accounting.

D. Estimated Amounts Subject to Deferral

8 Cascadia Water estimates that approximately \$30,000 will be recorded in the deferred account over the next 2 years. A cost estimate for the PFAS capital program will be unknown until testing is complete and an MCL is finalized by the EPA. Carrying costs of prime rate plus 2% interest will be applied to the deferred accounting balance related to PFAS.

E. Proposed Accounting

9 Beginning on January 1, 2023, and until Cascadia Water’s next general rate case effective date, the Company proposes to account for the PFAS-related costs in a dedicated general ledger account.

IV. RELIEF REQUESTED

11 Cascadia Water requests authorization to defer the PFAS costs for separate ratemaking treatment as described above.

12 WHEREFORE, the Company respectfully requests that the Commission enter an order approving deferred accounting treatment for PFAS-related costs, as described in this Petition.

Dated this 18th day of September 2023.

Respectfully Submitted,

/s/ Adam Rue

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