

BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION  
COMMISSION

In the Matter of the	)	
	)	
PETITION OF RAINIER VIEW	)	DOCKET UW-010030
WATER COMPANY, INC.	)	
	)	
For an Order Regarding the Accounting	)	ORDER AUTHORIZING
Treatment of Amounts Received	)	ACCOUNTING TREATMENT
Related to Corrosion and Water	)	
Treatment Surcharge	)	
.....	)	

**BACKGROUND**

1 On January 10, 2001, Rainier View Water Company, Inc. (Rainier View) filed a  
Petition with this Commission under WAC 480-09-420(7) seeking an order  
authorizing a change in accounting treatment of funds collected via an approved  
corrosion and water treatment surcharge (water treatment surcharge). In its Petition,  
Rainier View requests an order that:

- 2
- Authorizes Rainier View to recognize as revenue, water treatment surcharge amounts recorded to account 271, Contributions in Aid of Construction, equal to its water corrosion and treatment maintenance expense and;
  - Authorizes Rainier View to apply the above accounting effective January 2000.

**MEMORANDUM**

3 This Petition is related to the September 23, 1998, approval of a surcharge filed under  
RCW 80.28.022 (Docket UW-981128). The water treatment surcharge allows  
Rainier View to collect from its customers the cost of new water treatment system  
upgrades and the associated operating and financing costs.

4 Staff has reviewed the record in Docket UW-981128 including the order and the  
related Staff memo and workpapers. Staff is of the opinion that the requested  
accounting by the company is consistent with the original intent of the order.

5 Staff also reviewed Rainier View's books and accounting records applicable to this  
Petition. Staff has determined that the Contribution in Aid of Construction account

and the Retained Earnings account need to be adjusted for prior periods. Staff recommends that Rainier View be directed to record future accounting entries consistent with its Petition and this order, and the intent of the Order Granting Tariff Revision in Docket UW-981128.

6 Staff supports an Accounting Order clarifying the required accounting of the Water Treatment Surcharge and directing adjustments to the Contribution in Aid of Construction (account 271), Accumulated Amortization of Contribution in Aid of Construction (account 272), and Retained Earnings (account 215).

7 After discussion with the Commission Staff, Rainier View has agreed to account for the Water Treatment Surcharge in the following manner:

- (a) Water Treatment Surcharge amounts billed will be accrued to Account 271 Contribution in Aid of Construction (CIAC), and
- (b) At the end of each quarter an amount equal to the total of incurred maintenance expense and interest expense for the same period, which is related to the Water Treatment Surcharge, will be debited to CIAC and credited to Surcharge Revenue.

8 The change in accounting will be effective as of September 23, 1998.

9 Rainier View has also agreed to adjust 1999 year-end balances of CIAC, Accumulated Amortization of CIAC, and Retained Earnings consistent with the change in accounting cited in paragraph 7, to September 23, 1998.

10 Surcharge amounts related to water treatment maintenance and interest expense received in 1998 by Rainier View were recognized in 1998 as revenue and therefore no adjustment to 1998 is required.

11 The change in accounting and the one-time accounting adjustment will be effective as of September 23, 1998.

12 This matter was brought before the Commission at its regularly scheduled open meeting on March 28, 2001. The Commissioners, having been fully advised in the matter, and having determined the following order to be consistent with the public interest, directed the Secretary to enter the following order and related provisions.

### FINDINGS

13 (1) Rainier View is a Water Company and is a public service company subject to the jurisdiction of the Commission.

14 (2) On January 10, 2000, Rainier View filed with the Commission a petition for an accounting order authorizing a change in accounting for its water treatment surcharge and for authority to adjust its accounting records to reflect the change in accounting.

15 (3) The accounting treatment agreed to by Rainier View described above in paragraph 7 is consistent with the September 23, 1998, Order Granting Tariff Revision in Docket UW-981128 and should be approved.

### O R D E R

16 THE COMMISSION ORDERS:

17 (1) That the requested petition for accounting order is granted as modified by this order.

18 (2) Rainier View will record the adjusting accounting entries as follows:

	<u>Debit</u>	<u>Credit</u>
(a) CIAC	193,634	
Retained Earnings		191,067
Accumulated Amort. of CIAC		2,567
To record 1999 Water Treatment Surcharge Revenue		
(b) CIAC	245,209	
Surcharge Revenue		245,209
To record 2000 Water Treatment Surcharge Revenue		

19 (3) Nothing in this Order shall be construed to waive or otherwise impair the jurisdiction of the Commission over the rates, services, accounts and practices of Rainier View.

20 (4) The Commission retains jurisdiction to effectuate the provisions of this Order.

DATED at Olympia, Washington, and effective this 28th day of March, 2001.

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

CAROLE J. WASHBURN  
Secretary