

**BEFORE THE WASHINGTON STATE
UTILITIES AND TRANSPORTATION COMMISSION**

In the Matter of the Petition of)	DOCKET NO. UW-040173
)	
American Water Resources, Inc.,)	ORDER NO. 01
)	
)	
For An Accounting Order regarding)	
Lew's 81st Street Water System)	ORDER APPROVING
Easement on Davenport Property)	ACCOUNTING PETITION
.....)	

BACKGROUND

- 1 On February 5, 2004, American Water Resources, Inc., (AWR or Company) filed a petition for an Accounting Order under WAC 480-07-370(1)(b) asking the Commission to (1) authorize AWR to use funds from the Facilities Charge account established in Docket No. UW-980076 to pay settlement and litigation costs, and (2) approve AWR's proposed accounting treatment of various elements of its settlement agreement. AWR filed this petition to implement a settlement agreement that will resolve a dispute regarding the location of a water line. The settlement agreement negotiated between AWR and the plaintiff, Mr. Davenport, confers upon AWR an easement for the current location of the water line plus five feet on either side of the water line. AWR will record the easement as plant-in-service in account 303, Land and Land Rights, in the amount of \$8,928.68 for out-of-pocket expenses. Additionally, AWR will record as plant-in-service in account 303, Land and Land Rights, an amount of \$5,000 for payments to Mr. Davenport. AWR will also record a permanent CIAC offset of \$13,928.68. These amounts will not be depreciated or amortized.
- 2 The settlement agreement between AWR and Mr. Davenport also provides for Mr. Davenport to receive free water service, up to a maximum of \$30.00 per month, for five years. The maximum total value of this provision is \$1,800.00. This represents a liability AWR will incur. This amount will not be drawn from

the Facilities Charge account established in Docket No. UW-980076, and neither the liability nor any corresponding imputed revenue will be included in a rate setting proceeding. Mr. Davenport's monthly bill will show the normal rates and charges for his water service, and a credit for the amount of the total charge or \$30.00, whichever is less. The credit will be recorded as a reduction to the Water Revenue account 461. The net effect on revenue will be zero. This credit shall remain in effect for five years.

FINDINGS AND CONCLUSIONS

- 3 (1) The Washington Utilities and Transportation Commission is an agency of the State of Washington vested by statute with the authority to regulate rates, rules, regulations, practices, accounts, securities, and transfers of public service companies, including water companies. *RCW 80.01.040; Chapter 80.04 RCW; Chapter 80.28 RCW.*
- 4 (2) AWR is a water company and a public service company subject to the jurisdiction of the Commission.
- 5 (3) WAC 480-07-370, allows companies to file petitions, including that for which AWR seeks approval.
- 6 (4) Staff has reviewed AWR's petition for an accounting order and the related workpapers. Staff believes the accounting order requested by AWR is reasonable, and the petition should be approved, subject to recording the easement described in the settlement agreement at the County Auditor's office. AWR should be required to inform the Commission in writing of the recording of the easement with the County Auditor's office.
- 7 (5) This matter was brought before the Commission at its regularly scheduled meeting on February 25, 2004.

- 8 (6) After examination of AWR's petition for an accounting order filed on February 5, 2004, and giving due consideration to all relevant matters and for good cause shown, the Commission finds that the Petition filed should be approved.

ORDER

THE COMMISSION ORDERS:

- 9 (1) The petition for an accounting order filed by American Water Resources, Inc., requesting authorization to use \$13,928.68 of the funds in Facilities Charge account established in Docket No. UW-980076 to pay settlement and litigation costs to resolve a dispute regarding the location of a water line is approved. The petition for an accounting order filed by American Water Resources, Inc., requesting accounting treatment is approved as follows:
- a. American Water Resources, Inc., will record the easement as plant-in-service in account 303, Land and Land Rights, in the amount of \$8,928.68 for out-of-pocket expenses. Additionally, American Water Resources, Inc., will record as plant-in-service in account 303, Land and Land Rights, an amount of \$5,000 for payments to Mr. Davenport. American Water Resources, Inc., will also record a permanent CIAC offset of \$13,928.68. These amounts will not be depreciated or amortized.
 - b. The settlement agreement between American Water Resources, Inc., and Mr. Davenport also provides for Mr. Davenport to receive free water service, up to a maximum of \$30.00 per month, for five years. The maximum total value of this provision is \$1,800.00. This represents a liability American Water Resources, Inc., will incur.

This amount will not be drawn from the Facilities Charge account established in Docket No. UW-980076, and neither the liability nor any corresponding imputed revenue will be included in a rate setting proceeding. Mr. Davenport will be billed the normal rate for his water service, however a credit will be given in the amount of \$30.00 per month which will be recorded as a reduction to the Water Revenue account 461. The net effect on revenue will be zero. This credit shall remain in effect for five years.

- 10 (2) The approval of American Water Resources, Inc.'s, petition for accounting order is conditioned on recording the easement described in the settlement agreement between American Water Resources, Inc., and Mr. Davenport at the County Auditor's office. American Water Resources is required to inform the Commission in writing when the easement has been recorded with the County Auditor's office.
- 11 (3) This Order shall in no way affect the authority of this Commission over rates, services, accounts, evaluations, estimates, or determination of costs on any matters whatsoever that may come before it, nor shall anything herein be construed as an acquiescence in any estimate or determination of costs claimed or asserted.
- 12 (4) The Commission retains jurisdiction over the subject matter and American Water Resources, Inc., to effectuate the provisions of this Order.

The Commissioners, having determined this Order to be consistent with the public interest, directed the Secretary to enter this Order.

DATED at Olympia, Washington, and effective this 25th day of February, 2004.

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

CAROLE J. WASHBURN, Secretary