

**BEFORE THE WASHINGTON UTILITIES AND  
TRANSPORTATION COMMISSION**

In the Matter of the Petition for an  
Accounting Order by Olympic  
Water and Sewer, Inc.

Docket No. UW-101543

**PETITION FOR ACCOUNTING  
ORDER**

THIS PETITION is filed by and on behalf of Olympic Water and Sewer, Inc. (“Company”) for an Accounting Order. The purpose of this Petition is to request deferred accounting treatment of certain expenses as described herein.

**I. PETITION**

This Petition is filed pursuant to an agreement in principle reached between Commission Staff and the Company to resolve this docket. This Petition seeks an order authorizing deferred accounting treatment of certain expenses. There are three components to the expenses that would be the subject of the deferred accounting treatment. The first component is the cost incurred by the Company in the construction of Well No. 17, which was incurred up to the time that environmental contamination was discovered and required that the construction process be stopped. These costs include engineering and other consulting services as well as actual drilling costs. The second component is the investigative costs related to addressing the environmental contamination. These costs include, but are not limited to, engineering, consultants, legal fees and other costs that are associated with the investigation of the environmental contamination and planning for remediation of environmental contamination. This component also includes costs related to negotiating with other potentially responsible parties for their share of the investigative

costs. The third component would be the ultimate remediation of the environmental contamination, which may take a number of years. The deferred accounting order would contain the following specific conditions:

1. The period of deferral begins January 1, 2009, which is the beginning of the test period in this docket.
2. The deferred amounts will accrue interest at 9.3%, which is Commission Staff's calculated prorated cost of capital for this docket.
3. The deferred accounting shall include the costs incurred in drilling Well No. 17, including but not limited to, actual drilling costs, engineering and other consultant fees.
4. The deferred accounting will include costs incurred after the discovery of contamination related to investigation and remediation. These include, but are not limited to, engineering fees, other consultant fees, legal fees and other remediation related costs (testing, monitoring, etc.).
5. The deferred accounting shall also include accounting of payments received from other sources as compensation for contamination, whether these payments are received from insurance, through negotiation or from litigation.
6. These costs described in items 3, 4 and 5, above, will be recorded in Account 186, Miscellaneous Deferred Debits.
7. The Company shall maintain records that separate costs for each of items 3, 4 and 5, listed above.
8. The tax benefits for the items that are delineated in items 3, 4 and 5, above, will also be accrued.
9. The determination of how and to what extent the deferred accounting costs may

be recovered will be determined in a separate proceeding. As part of this process, the Company shall be required to file a rate case to consider treatment of the deferred costs when remediation and efforts to recover costs are final. However, the Company may, at its option, file to recover the construction costs and costs of investigation, once the investigation has been completed and there is, in the Company's opinion, sufficient information to allocate responsibility for the costs incurred. The Company may also file to recover remediation costs when those costs rise to a level the Company believes warrants review to determine eligibility for recovery. By requiring the Company to make such a filing or by virtue of a voluntary filing, the Company understands that there is no regulatory assurance that the deferred debit will be recovered, in whole or in part, in any future rate proceedings. The Company also understands that the deferred accounting order is not in itself an evaluation by the Commission as to the ability of the Company to recover those costs.

10. The Company will report every six months providing a summary of the costs incurred in items 3, 4 and 5, together with a summary of any remaining issues to be resolved and estimates of the timelines in which it might be expected that those issues will be resolved.

## II. RELIEF SOUGHT

Based upon the foregoing, the Company respectfully requests that the Commission issue an accounting order authorizing deferred accounting treatment as set forth in this Petition.

Respectfully submitted this 7th day of March, 2011.

  
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