

**BEFORE THE WASHINGTON
UTILITIES AND TRANSPORTATION COMMISSION**

In the Matter of the Petition of

SUNCADIA WATER COMPANY, LLC,

Petitioner,

For An Accounting Order Authorizing
Deferred Accounting Treatment of Costs
Associated with the Destruction of Its
Office Building from a Severe Weather
Event and Resulting Fire.

DOCKET UW-220101

ORDER 01

GRANTING ACCOUNTING
PETITION

BACKGROUND

- 1 On February 9, 2022, Suncadia Water Company, LLC, (Suncadia or Company) filed with the Washington Utilities and Transportation Commission (Commission) a Petition Seeking an Accounting Order under WAC 480-07-370(3) authorizing Suncadia to defer the costs and associated interest into an deferred accounting account, Federal Energy Regulatory Commission (FERC) Account186, to recover costs from loss of an office building due to extreme weather which resulted in a fire (Petition).
- 2 In its Petition, Suncadia asserts the need to set up deferred accounting for the loss of its office building and its contents due to a fire. As the Company is using their own funds to replace the items lost, they would like to defer the recovery of these costs with interest at the published FERC rate.
- 3 Commission staff (Staff) recommends granting the Petition for the accounting order authorizing the use of deferred accounting treatment of costs, without interest, subject to the following conditions:
 1. The accounting deferral would recover costs that are deferred, which will be reduced by any insurance proceeds or payments.
 2. Costs that are eligible for the deferred accounting will include only costs reviewed by Staff; net deferred costs are total expenditures less any recoveries by insurance or third parties.
 3. Any net deferred costs existing at the time of Suncadia’s next general rate case will be subject to review, and any net costs that are shown to be imprudent or inappropriate would be disallowed.

4. Amortization of net deferred costs will be over a pre-determined period agreed upon by Staff and Suncadia and will commence on the effective date of Suncadia's next general rate case.
5. Any deferred costs will be included in a separate sub-account of FERC Account 186.
6. The max deferral amount will be \$194,105.38 will be reviewed at the next general rate case.
7. No interest shall be accrued at this time; this can be further reviewed at the time of the next general rate case.

The Company agrees to each of these conditions and no longer requests to accrue interest on the deferred costs.

DISCUSSION

- 4 WAC 480-07-370(3) allows companies to file petitions including authorization for the deferral of certain costs and associated interest into a deferral account. Given that this was an unprecedented event and costs are not fully known, deferring these costs is appropriate. We agree with Staff's recommendation, which the Company accepts, that the Company will not collect interest on the deferred costs. Accordingly, we grant the petition subject to the provisions listed in paragraph 3 above.

FINDINGS AND CONCLUSIONS

- 5 (1) The Commission is an agency of the State of Washington vested by statute with the authority to regulate the rates, rules, regulations, practices, accounts, securities, transfers of property and affiliated interests of public service companies, including water companies.
- 6 (2) Suncadia is a water company and a public service company subject to Commission jurisdiction.
- 7 (3) WAC 480-07-370(1)(b) allows companies to file petitions including that for which Suncadia seeks approval.
- 8 (4) Staff has reviewed the petition in Docket UW-220101 including related work papers.
- 9 (5) Staff believes the proposed accounting order Suncadia's requests is reasonable and should be granted, subject to the provisions listed in paragraph 3 above.

- 10 (6) This matter came before the Commission at its regularly scheduled meeting on March 24, 2022.
- 11 (7) After reviewing Suncadia's petition filed in Docket UW-220101 on February 9, 2022, and giving due consideration to all relevant matters and for good cause shown, the Commission finds that the Petition filed should be granted subject to the conditions listed in paragraph 3.

ORDER

THE COMMISSION ORDERS:

- 12 (1) Suncadia Water Company, LLC's request to for deferred accounting for recovery of costs for loss of its office building due to extreme weather and fire is granted subject to the conditions set out in paragraph 3 of this Order.
- 13 (2) This Order shall not affect the Commission's authority over rates, services, accounts, valuations, estimates, or determination of costs, on any matters that may come before it. Nor shall this Order granting Petition be construed as an agreement to any estimate or determination of costs, or any valuation of property claimed or asserted.
- 14 (3) The Commission retains jurisdiction over the subject matter and Suncadia 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 Lacey, Washington, and effective March 24, 2022.

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

AMANDA MAXWELL
Executive Director, and Secretary