

**BEFORE THE WASHINGTON  
UTILITIES AND TRANSPORTATION COMMISSION**

In the Matter of the Petition of  
  
CASCADIA WATER,  
  
Petitioner,  
  
For An Accounting Order authorizing  
deferred accounting treatment for testing  
and mitigation of Per and Polyfluoroalkyl  
(PFAS) substances.

DOCKET UW-230784  
  
ORDER 01  
  
GRANTING ACCOUNTING  
PETITION

**BACKGROUND**

- 1 On September 18, 2023, Cascadia Water, (Cascadia or Company) filed with the Washington Utilities and Transportation Commission (Commission) a petition seeking an Accounting Order under WAC 480-07-370(3)(b) authorizing Cascadia to defer costs for monitoring, testing, possible implementation of capital improvements or other mitigation measures based on monitoring results to ensure public health and safety of Per and Polyfluoroalkyl (PFAS) substances (Petition). These include all PFAS related costs, including expense, capital, and carrying costs. Cascadia seeks to defer these costs from January 1, 2023, going forward to track and preserve costs for separate ratemaking treatment.
- 2 In accordance with the Washington Department of Health (DOH) and the United States Environmental Protection Agency (EPA) requirements and regulations, the Company will incur costs associated with PFAS testing and mitigation. Effective January 1, 2022, DOH established State Action Levels (SALs) for five PFAS compounds. DOH requires Group A community and non-transient non community water systems to begin monitoring for PFAS beginning January 1, 2023. The EPA is expected to finalize the Maximum Contaminant Level (MCL) for PFAS by the end of 2023 with a three-year compliance period, which means water companies must comply by December 31, 2026. Cascadia is testing approximately 61 Group A wells and 6 Group B wells for PFAS.
- 3 Commission Staff (Staff) has reviewed the Company’s Petition and recommends that it be granted. Staff submits that the company expects to incur approximately \$30,000 in costs related to PFAS. These include all PFAS related costs, including expense, capital, and carrying costs. These costs are outside of Cascadia’s capital program costs because

the costs in the capital program are unknown until the testing is complete and an MCL is finalized by the EPA. Cascadia will apply a carrying cost on the deferred accounting balance of prime rate plus 2 percent interest related to PFAS. These expenses should be tracked and preserved under deferred accounting treatment to ensure the benefit is for Cascadia customers.

### DISCUSSION

4 The Commission grants the Company's Petition for deferred accounting treatment of PFAS related costs. The Company will track and preserve these costs for review in a future proceeding. The Commission therefore grants the Company deferred accounting treatment for PFAS related costs to include expenses, capital, and carrying costs. The period for recovery of these costs will be between January 1, 2023, and December 31, 2026. Cascadia may apply a carrying cost on the deferred accounting balance of the prime rate plus 2 percent interest.

### 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) Cascadia is a water company and a public service company subject to Commission jurisdiction.
- 7 (3) WAC 480-07-370(3)(b) allows companies to file petitions including that for which Cascadia seeks approval.
- 8 (4) Staff has reviewed the petition in Docket UW-230784 including related work papers.
- 9 (5) Staff believes the proposed accounting order Cascadia requests is reasonable and should be granted.
- 10 (6) This matter came before the Commission at its regularly scheduled meeting on October 12, 2023.

- 11 (7) After reviewing Cascadia’s Petition filed in Docket UW-230784 on September 18, 2023, 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 requirements noted in paragraph 4 of this Order.

**ORDER**

**THE COMMISSION ORDERS:**

- 12 (1) Cascadia Water’s Petition for deferred accounting treatment for testing and mitigation of PFAS substances is granted subject to the requirements noted in paragraph 4 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 Cascadia Water to effectuate the provisions of this Order.
- 15 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 October 12, 2023.

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

KATHY HUNTER  
Acting Executive Director and Secretary