

Attachment 1

Applicable portions of WAC 480-110-455 Water company funding mechanisms.

(2) Surcharges.

(a) Surcharges are designed to fund three types of financing needs:

(i) Future water utility plant. This surcharge allows the company to collect money from current customers to fund a reserve in order to pay for future capital projects that are part of a long-range plan. **The project must be approved by the department of health as a part of a long-range plan, or required by the department of health to assure compliance with federal or state drinking water regulations**, or to perform construction or maintenance required by the department of ecology to secure safety to life and property under RCW 43.21A.064(2). **(Emphasis added)**

(iii) Special expenses. **This surcharge is used to pay for operating expenses that are independent and unique from normal operating expenses or that may be subject to large variations.** This type of operating expense may need periodic reevaluation without the need of a general rate case. Examples of the use of this type of surcharge are: New or highly variable safe drinking water act testing and treatment expenses, extraordinary maintenance expenses, or temporary taxes. **(Emphasis added)**