Resolution on Adopting the Report on Accounting Procedures for Drinking Water State Revolving Fund Loans to Water Utilities

WHEREAS, The 104th Congress passed the Safe Drinking Water Act Amendments of 1996, PL 104-182, (The Amendments) creating the Drinking Water State Revolving Funds (DWSFR); and

WHEREAS, The Amendments specifically provide that SFR monies are to be available to investor owned water utilities; and

WHEREAS, The economic regulation of investor owned water utilities is primarily within the purview of state utility regulators; and

WHEREAS, The National Association of Regulatory Utility Commissioners (NARUC) publishes the Uniform System of Accounts which prescribes regulation and accounting standards for regulated water utilities; and

WHEREAS, The Subcommittee on Accounts of the NARUC Committee on Finance and Technology develops the NARUC Uniform System of Accounts; and

WHEREAS, The NARUC Committee on Water and the NARUC Committee on Finance and Technology authorized the Staff Subcommittee to review the Amendments, the appropriate accounting treatment for loans to investor owned water utilities, whether changes are needed to the Uniform System of Accounts, and to prepare a report; and

WHEREAS, The Uniform System of Accounts task force of the NARUC Staff Subcommittee on Accounts has prepared the report; and

WHEREAS, The report concludes that accounting changes to the NARUC Uniform System of Accounts are not necessary, as sub-accounts are allowed to be used, when necessary, to identify the specific assets, and long term liabilities relating to the funds; and

WHEREAS, The report provides the regulatory treatment that will normally be given to low interest loans or principal forgiveness; and

WHEREAS, The report concludes that the customers of the utility, not the stockholders, will receive the benefits of SRF loans; now, therefore, be it

RESOLVED, By the National Association of Regulatory Utility Commissioners (NARUC) convened at its 109th Annual Convention in Boston, Massachusetts, that the NARUC adopts the Report of the Water and Finance and Technology Committees as its official position on the proper accounting treatment of SRF loans to Commission regulated water utilities. The Report is attached as Appendix "A".

Sponsored by the Committees on Water and Finance and Technology
Adopted November 12, 1997