

**BEFORE THE WASHINGTON
UTILITIES AND TRANSPORTATION COMMISSION**

In the Matter of the Application of

SILVER LAKE WATER COMPANY,
INC.,

Applicant,

For the Sale and Transfer of Assets to
NORTHWEST WATER SERVICES, LLC

DOCKET UW-171117

ORDER 01

ORDER GRANTING APPLICATION
FOR SALE AND TRANSFER OF
ASSETS; ADOPTING TARIFF

BACKGROUND

- 1 On November 10, 2017, Silver Lake Water Company, Inc. (Silver Lake Water or the utility) and Northwest Water Services, LLC (Northwest Water Services) (collectively, the Companies), filed with the Washington Utilities and Transportation Commission (Commission) an application for sale and transfer of assets pursuant to the provisions of RCW 80.12 (Application).
- 2 Silver Lake Water serves 216 customers near Oak Harbor in Island County. The utility's system is known as Silver Lake Water (ID#79245N). Northwest Water Services intends to acquire the water system assets of Silver Lake Water for \$80,000. If the Commission approves the sale and transfer of Silver Lake Water to Northwest Water Services, Northwest Water Services will be subject to any obligations the Commission imposed on Silver Lake Water.
- 3 The Companies explained several benefits of the sale and transfer of assets. First, Northwest Water Services desires to own and operate water systems on an ongoing basis and Silver Lake Water's current owners no longer desire to own and operate the water system. Second, Northwest Water Services will be able to bring economies of scale benefits to the utility in certain areas, such as billing, collecting, and insurance. Finally, Northwest Water Services has performed operations and billing, and its staff is familiar with the utility's operations.
- 4 Silver Lake Water notified its customers of the sale and transfer of assets in a mailing on November 9, 2017. Northwest Water Services, LLC filed with the Commission the

journal entries by which it proposes to record on its books the transfer of water system assets authorized herein. The effective date for accounting purposes will be December 15, 2017.

5 Pursuant to RCW 80.12.020 and WAC 480-143-170, applicants proposing a transaction of this sort must “at least demonstrate no harm to the public interest.”¹ The Commission also looks to the new company’s financial and managerial fitness to run the operations.²

6 Commission staff (Staff) has reviewed the application and determined that the companies have sufficiently demonstrated there are substantial benefits to the transfer. Accordingly, Staff recommends the Commission grant the Companies’ Application.

DISCUSSION

7 We agree with Staff’s recommendation and approve the Application. Based on Staff’s review, it appears the transaction exceeds the “no harm” standard and will be in the public interest. We note that this Order approves only the sale and transfer of assets, and neither approves nor disapproves the reasonableness of the purchase price or any fees, charges, rates, or accounting allocations related to the transaction. The Commission reserves the right to review those fees, charges, rates, or accounting allocations in a future rate proceeding.

FINDINGS AND CONCLUSIONS

8 (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.

9 (2) Silver Lake Water is an investor-owned water company and is a public service company subject to Commission jurisdiction.

10 (3) Northwest Water Services is an investor-owned water company and is a public service company subject to Commission jurisdiction.

¹ *In Re Application of PacifiCorp & Scottish Power, LLC*, Docket UE-981627, Third Supplemental Order on Prehearing Conference at 2-3 (April 2, 1999).

² *Id.*

- 11 (4) Silver Lake Water notified its customers of the sale and transfer of assets in a mailing on November 9, 2017.
- 12 (5) Northwest Water Services will acquire the water system assets of Silver Lake Water for \$80,000.
- 13 (6) As a result of this sale and transfer of water system assets, Northwest Water Services will adopt Silver Lake Water's tariff rates.
- 14 (7) This matter was brought before the Commission at its regularly scheduled meeting on December 14, 2017.
- 15 (8) The proposed transfer and tariff rate adoption will have an effective date of December 15, 2017. This date coincides with Silver Lake Water's billing periods. For accounting purposes, the utility's accounting records will be transferred and effective on December 15, 2017.
- 16 (9) The application meets the requirements of RCW 80.12 and the rules and regulations of the Commission. WAC 480-143.
- 17 (10) After reviewing the application Silver Lake Water filed in Docket UW-171117 on November 10, 2017, and giving due consideration, the Commission finds that the Application of the Sale and Transfer of Assets by Silver Lake Water to Northwest Water Services is consistent with, and demonstrates no harm to, the public interest and should be approved.

ORDER

THE COMMISSION ORDERS:

- 18 (1) The Commission authorizes the Sale and Transfer of the Assets of Silver Lake Water Company, Inc. to Northwest Water Services, LLC consistent with the joint application filed in November 10, 2017, consistent with RCW 80.12.020. No material change, revision, or amendment to the joint application and agreement shall become effective without the Commission's prior written approval.
- 19 (2) The Commission approves Northwest Water Services, LLC's adoption of the tariffs of Silver Lake Water Company, Inc., to become effective on the date of the transfer, December 15, 2017.

- 20 (3) 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 be construed as an agreement to any estimate or determination of costs, or any valuation of property claimed or asserted.
- 21 (4) The Commission retains jurisdiction over the subject matter and Silver Lake Water Company, Inc., and Northwest Water Services, LLC 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 Olympia, Washington, and effective December 14, 2017.

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

STEVEN V. KING, Executive Director and Secretary