

Agenda Date: March 10, 2016
Item Number: A5

Docket: UW-160252
Company Names: T & T Professional Services
aka Water and Wastewater Management Services, LLC, and
Piper Water System Homeowners Association

Staff: Jim Ward, Regulatory Analyst
John Cupp, Consumer Protection Staff

Recommendations

Grant the Application for the Sale and Transfer of Assets and issue an Order removing Piper Water System from regulation.

Background

On February 26, 2016, T & T Professional Services, aka Water and Wastewater Management Services, LLC, (T & T Services) and Piper Water System Homeowners Association (Piper HOA) filed a joint application for the sale and transfer of the Piper Water System (Department of Health ID #00887P).

The application is submitted to transfer the water system assets of T & T Services to its customers who formed the Piper HOA, who will own and operate the system. On January 20, 2016, the customers of the Piper water system filed with the Secretary of State to form a homeowners association. Once transferred, the Piper water system will serve solely the members of the Piper HOA.

The members of the HOA recognize that the Piper water system is in need of upgrades and improvements but believe that they will be able to minimize the cost of improvements by managing and funding their own projects.

Discussion

On June 17, 2014, T & T Services, the current owner of Piper water system, sent a notice to its customers that the company would deed ownership to the customers and cease its operations of the water system. Soon after, discussions between commission staff and the Kitsap Public Health District lead to the health district sending T & T Services a *Notice and Order to Correct Violation*. Under Department of Health regulations and a local Bremerton-Kitsap County Board of Health Ordinance, T & T Services violated the rules requiring a minimum of one year's written notice prior to the transfer of ownership, managerial responsibilities or termination of service. In response, on July 25, 2014, T & T Services gave notice that T & T Services would continue ownership and operations until June 17, 2015, at which time, according to the company, it would no longer own and operate the system.

Staff initiated an investigation in August of 2014, under Docket UW-143617, to review the proposed sale and transfer proposed by the company's notice along with addressing customer

concerns. No customer groups had stepped forward to assume ownership and operations of the system in the following year, after the original June 17, 2014, notice. Since no willing receiver had stepped forward, on September 22, 2015, the commission issued Order 03 denying the company's application to cease operations and transfer ownership.

However, during 2015, several meetings were held with customers of the three water systems owned by T & T Services, including the piper water system, and the owners of T & T Services. T & T Services agreed to transfer the Piper Water System to the Piper HOA, an home owners association owned and operated by the system's customers. Customers of the Piper water system explored water system ownership under the local public utility district and found the upgrade costs to their water system to be excessive under the utility district option.

The customers of the Piper water system instead opted to form a homeowners association accepting ownership and responsibility for their own water system. The newly formed Piper HOA has indicated it will maintain the existing rates (\$30 monthly) for the short term to better determine its cost of operations and new plant. No customer comments have been received for this water system transfer although the Piper HOA customers are aware of Department of Health requirements and needed upgrades. The Department of Health concurs and is supportive of this transfer.

The transfer of assets of the Piper Water System to Piper HOA is reasonable and in the best interest of the customers. The Piper HOA is exempt from commission regulation under [RCW 80.12.020](#) and is not subject to commission jurisdiction.

Recommendations

Staff recommends that the commission grant the request for sale and transfer of the Piper Water System assets from T & T Services Professional Services to the customer owned and operated Piper Home Owners Association. Also, staff recommends removal of the Piper Water System from regulation since the Piper Home Owners Association does not fall under commission jurisdiction. Capital improvements to the Piper Water System and monthly service rates will be determined by the Piper Home Owners Association after the transfer.

Therefore, staff recommends that the commission grant the Application for the Sale and Transfer of Assets, and issue an Order removing Piper Water System from regulation.