

**BEFORE THE WASHINGTON
UTILITIES AND TRANSPORTATION COMMISSION**

In the Matter of the Application of

LAKE ALYSON WATER, INC.,

Applicant,

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

DOCKET UW-170066

ORDER 01

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

BACKGROUND

- 1 On January 26, 2017, Lake Alyson Water, Inc. (Lake Alyson or the utility) and Northwest Water Services, LLC (Northwest Water) (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.
- 2 Lake Alyson’s service area is located near Mount Vernon in Snohomish County. Lake Alyson has 140 customers. The utility’s water systems being transferred and part of this application are known as Lake Alyson Water (ID # 50691 R) and Tjetland Water System (ID # 17475 C).
- 3 The purchasing utility assumes the regulatory obligations of the purchased utility. If the Commission approves the sale and transfer of Lake Alyson and Tjetland Water to Northwest Water, Northwest Water will be subject to any obligations the Commission imposed on Lake Alyson Water, Inc.

FINDINGS AND CONCLUSIONS

- 4 (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.
- 5 (2) Lake Alyson is an investor-owned water company and is a public service company subject to Commission jurisdiction.

- 6 (3) Northwest Water is a Washington corporation and a utility holding company. Northwest Water is a public service company subject to Commission jurisdiction.
- 7 (4) Lake Alyson notified its customers of the sale and transfer in a mailing on January 30, 2017.
- 8 (5) The companies state several benefits of this sale and transfer of assets, one of which is that Northwest Water desires to own and operate water systems on an ongoing basis. Lake Alyson's current owners no longer desire to own and operate the water systems. Northwest Water will be able to bring economies of scale benefits to the utility in certain areas, such as billing, customer services, and insurance. In addition, Northwest Water (through an affiliated company) has performed operations and maintenance and its Staff is familiar with the utility's operations of the two water systems.
- 9 (6) Northwest Water will acquire the water system assets of Lake Alyson and Tjetland Water for \$50,500.
- 10 (7) As a result of this sale and transfer of water system assets, Northwest Water will adopt Lake Alyson's tariff for both the Lake Alyson and Tjetland water systems.
- 11 (8) This matter was brought before the Commission at its regularly scheduled meeting on February 23, 2017.
- 12 (9) The proposed transfer and tariff adoption will have an effective date of March 1, 2017. This date coincides with Lake Alyson's billing periods. For accounting purposes, the utility's accounting records will be transferred and effective on that date.
- 13 (10) Pursuant to RCW 80.12.020 and WAC 480-143-170, the Commission has determined that applicants in 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 The

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.*

Commission believes the applicants have shown there are substantial benefits to the transfer.

- 14 (11) In this docket, the Commission neither approves nor disapproves the reasonableness of any fees, charges, rates, purchase price, or accounting allocations involved with the transaction. The Commission reserves the right to review those fees, charges, rates, or accounting allocations in a future rate proceeding.
- 15 (12) The application meets the requirements of RCW 80.12 and the rules and regulations of the Commission. WAC 480-143.
- 16 (13) After reviewing the application Lake Alyson filed in Docket UW-170066 on January 26, 2017, and giving due consideration, the Commission finds that the Application of the Sale and Transfer of Assets by Lake Alyson to Northwest Water is consistent with, and demonstrates no harm to, the public interest and should be approved.

ORDER

THE COMMISSION ORDERS:

- 17 (1) The Commission authorizes the Sale and Transfer of the assets of Lake Alyson Water, Inc. to Northwest Water Services, LLC consistent with the joint application in accordance 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.
- 18 (2) The Commission approves Northwest Water Services, LLC's adoption of the tariffs of Lake Alyson Water, Inc., to be effective with the effective date of the transfer itself: March 1, 2017.
- 19 (3) Northwest Water Services, LLC must file with the Commission within 90 days after the effective date of this Order, 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 shall be March 1, 2017.

- 20 (4) 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.
- 21 (5) The Commission retains jurisdiction over the subject matter and Lake Alyson Water, Inc., and Northwest Water Services, LLC to effectuate the provisions of this Order.
- 22 (6) 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 February 23, 2017.

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

STEVEN V. KING, Executive Director and Secretary