

Agenda Date: December 14, 2017

Item Number: E1

Docket: UW-171117

Company Names: Silver Lake Water Company, Inc.
Northwest Water Services, LLC

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

Recommendation

Grant the application for sale and transfer of assets of Silver Lake Water Company, Inc. to Northwest Water Services, LLC and the adoption of tariff rates by Northwest Water Services, LLC to be effective December 15, 2017.

Discussion

On November 10, 2017, Silver Lake Water Company, Inc. (Silver Lake Water) and Northwest Water Services, LLC (Northwest Water Services), filed a joint application with the Washington Utilities and Transportation Commission (commission) for sale and transfer of assets pursuant to the provisions of RCW 80.12.

Silver Lake Water's current owner no longer desires to own and operate the water system whereas, Northwest Water Services desires to own and operate additional water systems on an ongoing basis, and is looking to grow the number of water systems owned. Northwest Water Services will be able to bring economies of scale benefits by continuing to expand the utility company in several areas, such as operations, project financing, billing, and number of customers. Northwest Water Services will continue to use the same operations and billing staff who are familiar with each of the utility's operations.

The proposed sale and transfer of assets and tariff rate adoption will have an effective date of December 15, 2017. This date coincides with Northwest Water Services' billing period. For accounting purposes, the utility's accounting records will be transferred and effective on December 15, 2017. Northwest Water Services will assume any regulatory obligations of the purchased utility

Staff must determine, consistent to RCW 80.12.020 and WAC 480-143-170, that the applicants in the transaction must “at least demonstrate no harm to the public interest.”¹ Staff must also look to the new company’s financial and managerial fitness to run the operations.² Staff believes the applicants have shown there are substantial benefits to the proposed sale and transfer and that the application meets the requirements of RCW 80.12 and WAC 480-143.

If the sale and transfer is allowed, 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.

Customer Comments

On November 10, 2017, the company notified its customers of the proposed sale and transfer of assets by mail. Staff received no comments regarding the proposed sale and transfer of assets. Customers may contact John Cupp at 1-888-333-9882 or jcupp@utc.wa.gov with questions or concerns.

Conclusion

After reviewing the joint application for sale and transfer of assets filed by Silver Lake Water and Northwest Water Services in Docket UW-171117, on November 10, 2017, staff believes that the petition for sale and transfer of assets of Silver Lake Water to Northwest Water Services is in the public interest and should be approved. This sale and transfer of assets will allow the company to continue to grow under new ownership and allow for economies of scale in management and operations.

Recommendation

Grant the application for sale and transfer of assets of Silver Lake Water Company, Inc. to Northwest Water Services, LLC and the adoption of tariff rates by Northwest Water Services, LLC to be effective December 15, 2017.

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.*